IRAQ COALITION PROVISIONAL AUTHORITY

ORDERS

Order 1 De-Ba`athification of Iraqi Society 16 May 2003

Order 2 Dissolution of Entities with Annex A 23 August 2003

Order 3 Weapons Control **Revised**, **Amended** 31 December 2003

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Order 5 Establishment of the Iraqi De-Baathification Council**Rescinded per Memo 7 Sec 3*** 25 May 2003

Order 6 Eviction of Persons Illegally Occupying Public Buildings**Rescinded per Order 100 Sec 4*** 28 June 2004

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Order 21 Interim Exercise of Baghdad Mayoral Authority**Rescinded per Order 100 Sec 4** 06 August 2003

Order 22 Creation of A New Iraqi Army 18 August 2003

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Order 39 Foreign Investment (Amended by Order 46) 20 December 2003

Order 40 Bank Law with Annex A **Rescinded per Order 94 Sec 3** 19 September 2003

Order 41 Notification of Criminal Offenses 19 September 2003

Order 42 Creation of the Defense Support Agency***Rescinded per Order 67 Sec 2 Para 4*** 21 March 2004

Order 43 New Iraqi Dinar Banknotes 14 October 2003

Order 44 Establishment of The Ministry of Environment 14 November 2003

Order 45 Non-Governmental Organizations (Amended per Order 61) 23 February 2004

Order 46 Amendment of CPA Order 39 on Foreign Investment 20 December 2003

Order 47 Amendment of CPA Order 38 on Reconstruction Levy***Rescinded per Order 70 Sec 2*** 04 April 2004

Order 48 Delegation of Authority Regarding Establishment of an Iraqi Special

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Order 49 Tax Strategy for 2004 with Annex A and Explanatory Notes (Amended per Order 84 Sec 3) 20 February 2004

Order 50 Creation of Ministry of Displacement and Migration 11 January 2004

Order 51 Suspension of Exclusive Agency Status of Iraqi State Company for Water Transportation 14 January 2004

Order 52 Pensions for Judges and Prosecutors who die while holding Office 08 January 2004

Order 53 Public Defender's Fees 18 January 2004

Order 54 Trade Liberalization Policy 2004 with Annex A (Amended per Order 70) 04 April 2004

Order 55 Delegation of Authority Regarding the Iraq Commission on Public Integrity 28 January 2004

Order 56 Central Bank Law with Annex A 06 March 2004

Order 57 Iraqi Inspectors General 10 February 2004

Order 58 Maysan and Muthanna Courts of Appeal 10 February 2004

Order 59 Protection and fair Incentives for Government Whistleblowers 01 June 2004

Order 60 Establishment of the Ministry of Human Rights 22 February 2004

Order 61 Amendment to Order 45**Rescinded per Order 100 Sec 4** 28 June 2004

Order 62 Disqualification From Public Office**Rescinded per Order 100 Sec 4** 28 June 2004

Order 63 Public Sector Death and Disability Benefits 06 March 2004

Order 64 Amendment to the Company Law No. 21 of 1997 with Annex A 05 March 2004

Order 65 Iraqi Communications and Media Commission 20 March 2004

Order 66 Iraq Public Service Broadcasting 20 March 2004

Order 67 Ministry of Defense 21 March 2004

Order 68 Ministerial Committee for National Security 04 April 2004

Order 69 Delegation of Authority Regarding Establishment of the Iraqi National Intelligence Service 01 April 2004

Order 69 ?Annex A Annex A 02 April 2004

Order 70 Amendments to Reconstruction Levy 04 April 2004

Order 71 Local Governmental Powers (Appendix not available) 06 April 2004

Order 72 Iraqi Radioactive Source Regulatory Authority 15 June 2004

Order 73 Transfer of the Iraqi Civil Defense Corps to the Ministry of Defense 25 April 2004

Order 74 Interim Law on Securities Markets 19 April 2004

Order 75 Realignment of Military Industrial Companies with Annex A 20 April 2004

Order 76 Consolidations of State-Owned Enterprises with Annex A 28 May 2004

Order 77 Board of Supreme Audit 25 April 2004

Order 78 Facilitation of Court-Supervised Debt Resolution Procedures 20 April 2004

Order 79 The Iraqi Nonproliferation Programs Foundation with Annex 19 June 2004

Order 80 Amendment to the Trademarks and Descriptions Law No. 21 of 1957 26 April 2004

Order 81 Patent, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety Law 26 April 2004

Order 82 Iraqi National Foundation for Remembrance 28 April 2004

Order 83 Amendment to the Copyright Law 01 May 2004

Order 84 Amendments to CPA Order No. 37 and CPA Order No. 49 30 April 2004

Order 86 Traffic Code with Annex A 20 May 2004

Order 87 Public Contracts 16 May 2004

Order 88 Rights of Judicial Officials to Return to the Judiciary After Certain Government Service 12 May 2004

Order 89 Amendments to the Labor Code Law No. 71 of 1987 30 May 2004

Order 90 Special Task Force for Compensating Victims of the Previous Regime 29 May 2004

Order 91 Regulation of Armed Forces and Militias within Iraq 07 June 2004

Order 92 The Independent Electoral Commission of Iraq 31 May 2004

Order 93 Anti-Money Laundering Act of 2004 with Annex A 03 June 2004

Order 94 Banking Law of 2004 with Annex A 07 June 2004

Order 95 Financial Management Law and Public Debt Law with Annex A and B 04 June 2004

Order 96 The Electoral Law 15 June 2004

Order 97 Political Parties and Entities Law 15 June 2004

Order 98 Iraqi Ombudsman for Penal and Detention Matters 27 June 2004

Order 99 Joint Detainee Committee 27 June 2004

Order 100 Transition of Laws, Regulations, Orders, and Directives Issued by the CPA 28 June 2004

COALITON PROVISIONAL AUTHORITY ORDER NUMBER 1

DE-BA`ATHIFICATION OF IRAQI SOCIETY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, and the laws and usages of war,

Recognizing that the Iraqi people have suffered large scale human rights abuses and depravations over many years at the hands of the Ba`ath Party,

Noting the grave concern of Iraqi society regarding the threat posed by the continuation of Ba`ath Party networks and personnel in the administration of Iraq, and the intimidation of the people of Iraq by Ba`ath Party officials,

Concerned by the continuing threat to the security of the Coalition Forces posed by the Iraqi Ba`ath Party,

I hereby promulgate the following:

Section 1
Disestablishment of the Ba`ath Party

1) On April 16, 2003 the Coalition Provisional Authority disestablished the Ba`ath Party of Iraq. This order implements the declaration by eliminating the party's structures and removing its leadership from positions of authority and responsibility in Iraqi society. By this means, the Coalition Provisional Authority will ensure that representative government in Iraq is not threatened by Ba`athist elements returning to power ant that those in positions of authority in the future are acceptable to the people of Iraq.

2) Full members of the Ba`ath Party holding the ranks of 'Udw Qutriyya (Regional Command Member), 'Udw Far' (Branch Member). 'Udw Shu'bah (Section Member), and 'Udw Firqah (Group Member) (together, "Senior Party Members") are herby removed from their positions and banned from future employment in the public sector. These Senior Party Members shall be evaluated for criminal conduct or threat to the security of the Coalition. Those suspected of criminal conduct shall be investigated and, if deemed a threat to security or a flight risk, detained or placed under house arrest.

3) Individuals holding positions in the top three layers of management in every national government ministry, affiliated corporations and other government institutions (e.g., universities and hospitals) shall be interviewed for possible affiliation with the Ba`ath Party, and subject to investigation for criminal conduct and risk to security. Any such persons detained to be full members of the Ba`ath Party shall be removed from their employment. This includes those

and risk to security. Any such persons determined to be full members of the Baath Party shall be removed from their employment. This includes those holding the more junior ranks of 'Udw (Member) and 'Udw 'Amil (Active Member), as well as those determined to be Senior Party Members.

4) Displays in government buildings or public spaces of the image or likeness of Saddam Hussein or other readily identifiable members of the former regime or of symbols of the Baath Party or the former regime are hereby prohibited.

5) Rewards shall be made available for information leading to the capture of senior members of the Baath party and individuals complicit in the crimes of the former regime.

6) The Administrator of the Coalition Provisional Authority or his designees may grant exceptions to the above guidance on a case-by-case basis.

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

5/16/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISONAL SUTHORITY ORDER NUMBER 2

DISSOULUTION OF ENTITIES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Reconfirming all of the provisions of General Franks' Freedom Message to the Iraqi People of April 16, 2003,

Recognizing that the prior Iraqi regime used certain government entities to oppress the Iraqi people and as instruments of torture, repression and corruption,

Reaffirming the Instructions to the Citizens of Iraq regarding Ministry of Youth and Sport of May 8, 2003,

I hereby promulgate the following:

Section 1
Dissolved Entities

The entities (the "Dissolved Entities") listed in the attached Annex are hereby dissolved. Additional entities may be added to this list in the future.

Section 2
Assets and Financial Obligations

1) All assets, including records and data, in whatever from maintained and wherever located, of the Dissolved Entities shall be held by the Administrator of the CPA ("the Administrator") on behalf of and for the benefit of the Iraqi people and shall be used to assist the Iraqi people and to support the recovery of Iraq.

2) All financial obligations of the Dissolved Entities are suspended. The Administrator of the CPA will establish procedures whereby persons claiming to be the beneficiaries of such obligations may apply for payment.

3) Persons in possession of assets of the Dissolved Entities shall preserve those assets, promptly inform local Coalition authorities, and immediately turn them over, as directed by those authorities. Continued possession, transfer, sale, use, conversion, or concealment of such assets following the date of this Order is prohibited and may be punished.

Section 3
Employees and Service Members

1) Any military or other rank, title, or status granted to a former employee or functionary of a Dissolved Entity by the former Regime is hereby cancelled.

2) All conscripts are released from their service obligations. Conscriptions is suspended indefinitely, subject to decisions by future Iraq governments concerning whether a free Iraq should have conscription.

3) Any person employed by a Dissolved Entity in any form or capacity, is dismissed effective as of April 16, 2003. Any person employed by a Dissolved Entity, in any from or capacity remains accountable for acts committed during such employment.

4) A termination payment in an amount to be determined by the Administrator will be paid to employees so dismissed, except those who are Senior Party Members as defined in the Administrator's May 16, 2003 Order of the Coalition Provisional Authority De-Ba`athification of Iraqi Society, CPA/ORD/2003/01 ("Senior Party Members") (See Section 3.6).

5) Pensions being paid by, or on account of service to, a Dissolved Entity before April 16, 2003 will continue to be paid, including to war widows and disabled veterans, provided that no pension payments will be made to any person who is a Senior Party Member (see Section 3.6) and that the power is reserved to the Administrator and to future Iraqi governments to revoke or reduce pensions as a penalty for past or future illegal conduct or to modify pension arrangements to eliminate improper privileges granted by the Ba`athist regime or for similar reasons.

6) Notwithstanding any provision of this Order, or any other Order, law, or regulation, and consistent with the Administrator's May 16, 2003 Order of the Coalition Provisional Authority De-Ba`athification of Iraqi Society, CPA/ORD/2003/01, no payment, including a termination or pension payment, will be made to any person who is or was a Senior Party Member. Any person holding the rank under the former regime of Colonel or above, or its equivalent, will be deemed a Senior Party Member, provided that such persons may seek, under procedures to be prescribed, to establish to the satisfaction of the Administrator, that they were not a Senior Party Member.

Section 4
Information

The Administrator shall prescribe procedures for offering rewards to person who provide information leading to the recovery of assets of Dissolved Entities.

Section 5
New Iraqi Corps

The CPA plans to create in the near future a New Iraqi Corps, as the first step in forming a national self-defense capability for a free Iraq. Under civilian control, that Corps will be professional, non-political, militarily effective, and representative of all Iraqis. The CPA will promulgate procedures for participation in the New Iraqi Corps.

Section 6
Other Matters

1) The Administrator may delegate his powers and responsibilities with respect to this Order as he determines appropriate. References to the Administrator herein include such delegates.

2) The Administrator may grant exceptions any limitations in this Order at his discretion.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

8/23/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 2

DISSOLUTION OF ENTITIES

Institutions dissolved by the Order referenced (the "Dissolved Entities") are:

The Ministry of Defence
The Ministry of Information
The Ministry of State for Military Affairs
The Iraqi Intelligence Service
The National Security Bureau
The Directorate of National Security (Amn al-'Am)
The Special Security Organization

All entities affiliated with or comprising Saddam Hussein's bodyguards to include:

-Murafaqin (Companions)
-Himaya al Khasa (Special Guard)

The following military organizations:

-The Army, Air Force, Navy, the Air Defence Force, and other regular military services
-The Republican Guard
-The Special Republican Guard
-The Directorate of Military Intelligence
-The Al Quds Force
-Emergency Forces (Quwat al Tawari)

The following paramilitaries:

-Saddam Fedayeen
-Ba`ath Party Militia
-Friends of Saddam
-Saddam's Lion Cubs (Ashbal Saddam)

Other Organizations:

-The Presidential Diwan
- The Presidential Secretariat
-The Revolutionary Command Council

-The National Assembly
-The Youth Organization (al-Futuwah)
-National Olympic Committee
-Revolutionary, Special and National Security Courts

All organizations subordinate to the Dissolved Entities are also dissolved.

Additional organizations may be added to this list in the future.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 3 (REVISED) (AMENDED)

WEAPONS CONTROL

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that weapons control is necessary in order to ensure a secure environment for the people of Iraq and to promote public order and safety,

I hereby promulgate the following:

Section 1
Definitions

1) "Coalition Forces" includes any and all personnel, including contractors, from Coalition Member States under the command or direction of the Coalition Provisional Authority or the Coalition Force Commander,

2) "Criminal Proceedings Law" means Criminal Proceedings Law No. 23 of 1971, as amended, including amendments contained in CPA Memorandum Number 3, Criminal Procedures, CPA/MEM/18 June 2003/03.

3) "Firearms" mean automatic (7.62mm (.308 caliber) and under) and non-automatic rifles, shotguns and pistols for personal use, and associated ammunition. Such firearms are subject to licensing by the Ministry of Interior. Firearms do not include weapons rendered permanently inoperable, replicas, antiques or ceremonial weapons.

4) "Iraqi security forces" include any and all Iraqi personnel from the Iraqi Police Service, Iraqi Civil Defense Corps, Facilities Protection Service, Iraqi Border and Customs Police or any organization whose mission includes physical security that may be established by the CPA or under Iraqi law subsequent to the signing of this Order.

5) "Iraqi Weapons Code 1992" means the Law of Arms No. (13) of 1992, as amended by Law No. (15) of 2000.

6) "Military Weapons" are any weapons systems, ammunition or explosives or explosive devices of any type designed for use by any military forces but not including "Firearms" as defined in this Order. Military Weapons do not include weapons

rendered permanently inoperable, replicas, antiques or ceremonial weapons. Military Weapons include "Special Category Weapons."

7) "Penal Code" means the Penal Code Law No. (111) of 1969, as amended, including Law (1) 2002 and CPA Order Number 7, Penal Code, CPA/ORD/9 June 2003/07.

8) "Public places" mean state-owned property, places of worship, holy sites, hospitals, schools, gathering places such as town squares and parks, streets and such other places that may be designated by the CPA,

9) "Special Category Weapons" are any explosives, improvised explosives or incendiary devices, grenades, rockets, shells or mines and any means of discharging such items, crew-served weapons of any kind, and Man Portable Air Defense Systems of any kind.

Section 2
Relation to Existing Law

1) Article 6.2 of the Iraqi Weapons Code 1992 is hereby amended to suspend the exemption set out therein for employees of the governmental and social sector.

2) Article 8.2 of the Iraqi Weapons Code 1992, concerning licensing requirements, is amended to allow possession of no more than 50 rounds of ammunition for any licensed firearm.

3) In all other respects, including the penalties provisions (with the exception of the death penalty) the Iraqi Weapons Code 1992 remains in effect unless specifically inconsistent with this Order, in which event this order will take precedence.

4) CPA/ORD/23 May 2003/03 is superceded by this Order.

Section 3
Authorized Possession and Use of Firearms and Military Weapons

1) The following individuals are authorized to possess and use issued Firearms and Military Weapons, including Special Category Weapons:

 a) Coalition Forces,

 b) Iraqi security forces, and

c) Groups and individuals who have been authorized to carry weapons in the course of their duties by the CPA or Commander, Coalition Forces or their duly authorized delegates.

2) Private security firms may be licensed by the Ministry of the Interior to possess and use licensed Firearms and Military Weapons, excluding Special Category Weapons, in the course of their duties, including in public places.

3) Individuals may be authorized to possess Firearms for personal use by obtaining authorization from the Ministry of Interior, as described in Section 5 of this Order.

Section 4
General Prohibitions

1) Unauthorized possession, transport, distribution, or use of Firearms or Military Weapons, including Special Category Weapons, is prohibited.

2) Other than as provided for in Section 3, no person shall possess or use any Firearms or Military Weapons, including Special Category Weapons, in public places.

3) Other than by Coalition Forces and duly authorized Iraqi security forces whose duty position requires the carrying of concealed weapons in the course of their duties, the carrying of concealed weapons is prohibited.

4) All sales of Firearms and Military Weapons are prohibited, except as authorized by the CPA.

Section 5
Weapons Authorization and Licensing

Individuals not otherwise authorized to possess or use Firearms or Military Weapons by this or any other CPA instrument may apply for weapons authorization. The licensing requirements for weapons set forth in the Iraqi Weapons Code 1992 and administered by the Ministry of Interior remain in effect. Firearms for personal use located in homes or places of business under rescinded Order Number 3 (CPA/ORD/23 May 2003/03) are subject to these licensing provisions. The Ministry of Interior shall issue procedures and establish timelines for licensing such Firearms. Possession of unlicensed Firearms in one's home or place of business for personal use, as permitted under rescinded Order Number 3, will continue to be authorized until the new procedures for licensing such Firearms become effective in accordance with a Public Notice to that effect.

Section 6
Penalties

1) Firearms or Military Weapons, including Special Category Weapons, possession or use of which is unauthorized, are subject to confiscation by Coalition Forces and other relevant authorities.

2) Any person in violation of this Order may be detained, arrested, and prosecuted. If convicted, all lawful punishments may be adjudged, and the following terms of imprisonment will apply:

 a. For the conviction of unauthorized possession, transport, distribution, sale, or use of a Military Weapon, excluding Special Category Weapons, a minimum term of imprisonment of 6 months and maximum term of imprisonment of life imprisonment.

 b. For the conviction of possession, transport, distribution, sale, or use of a Special Category Weapon, a minimum term of imprisonment of 30 years, unless the proviso at paragraph 3 applies, and maximum term of imprisonment of life imprisonment. Where a person may be convicted of another offense relating to the use of a Special Category Weapon, the mandatory minimum term of imprisonment of 30 years, unless the proviso at paragraph 3 applies, shall also be applied to that conviction.

3) The mandatory minimum term of imprisonment of 30 years is subject to the proviso that in exceptional circumstances relating to the offender or the offense, the punishment may be reduced. The transport, distribution, sale or use of a Special Category Weapon shall never constitute exceptional circumstances.

4) Except as provided in paragraphs 2 and 3 of this Section, sentences for convictions of offenses under this Order or the Iraqi Weapons Code 1992 and which involve Military Weapons, including Special Category Weapons, may not be reduced as a result of mitigating excuse pursuant to paragraph 130 of the Penal Code. Persons convicted of committing these offenses shall not be eligible for Conditional Discharge as set forth in paragraph 331 of the Criminal Proceedings Law.

5) For the purposes of this Order, sentences of life imprisonment shall mean the remaining natural life of the person.

6) Authorized officials of the CPA or Coalition Forces may grant a certificate of immunity from prosecution for offenses under this Order or the Iraqi Weapons Code 1992 to a person who provides information that leads to the apprehension and conviction of persons in relation to whom information is sought by the CPA and Coalition Forces, or that results in the prevention of a significant crime against public security, the CPA or Coalition Forces.

Section 7
Administrative Instructions

The interim Minister of the Interior, in consultation with the CPA Director of Interior Policy, may issue such Administrative Instructions as are necessary to carry out this Order.

Section 8
Entry into Force

This Order shall enter into force on the date of signature.

12/31/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER No 4

MANAGEMENT OF PROPERTY AND ASSETS OF THE IRAQI BAATH PARTY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and laws and usages of war,

Acting in accordance with the Administrator's Order Number 1 of May, 16 2003 on the De-Ba`athification of Iraqi Society (CPA/ORD 16 May 2003/01),

Furthering CPA Order Number 2 on the Dissolution of Entities, (CPA/ORD/ 23 May 2003/02),

Recognizing that the assets and property of the Iraqi Ba`ath Party constitute State assets, the Iraqi government having been a one party State under the rule of the Ba`athists from the years 1968 to 2003,

Acting on behalf, and for the benefit, of the Iraqi people,

I hereby promulgate the following:

Section 1
Definition

"*property and assets*" includes all movable and immovable property, records and data, cash, funds, realizable assets and liquid capital, in whatever form maintained and wherever located, used, possessed, or controlled by the Ba`ath Party, its officials and members, and all members, and all residences occupied by officials or members assigned to them by the Party, a member of the Ba`ath Party or other State instrumentality and that were not purchased for full value by those officials or members.

Section 2
Register of Property and Assets

1) All persons shall, on request by the CPA, provide all information within their possession, control or knowledge concerning property and assets of the Iraqi Ba`ath Party, for the compilation of a Register of all such property and assets.

2) The Register will be maintained by the CPA.

Section 3
Securing of Property and Assets

1) All property and assets of the Iraqi Ba`ath Party wherever existing and in whatever form, including property and assets that have been transferred or acquired by successor parties or institutions, are subject to seizure by the CPA on behalf, and for the benefit of the people of Iraq.

2) All financial obligations of the Iraqi Ba`ath Party are suspended. The Administrator of the CPA will establish procedures whereby persons claming to be the beneficiaries of such obligations may apply for payment.

3) Persons in possession or control of property and assets of the Iraqi Ba`ath Party shall preserve those assets, promptly inform local coalition authorities, and immediately turn them over, as directed by those authorities. Continued possession, transfer, sale, use, conversion, or concealment of such assets following the date of this Order is prohibited and maybe punished.

4) The CPA will hold in trust and for the use and benefit of the people of Iraq all the said property and assets of the Ba`ath Party that have seized in accordance with this Order.

5) Any expenditure or use of the seized property and assets by the CPA will be recorded and open to audit by outside auditors.

Section 4
Right of Appeal

1) A Confiscation Appeal Tribunal will establish to make determinations on disputes arising in relation to seizure action taken pursuant to this Order.

2) Any person adversely affected by actions taken pursuant to this order may appeal to the Confiscation Appeal Tribunal. The only grounds on which such as appeal may be based will be that the property or assets were purchased by the person for full value or that the property is not Ba`ath Party property or assets.

Section 5
Relationship to the Iraqi De-Baathification Council

The CPA may accept information provided to it by the Iraqi De-Baathification Council concerning the existence, location and possession of the property and assets of the Iraqi Baath Party including information obtained from the tracing of property and assets to successor parties or institutions within Iraq.

Section 6
Penalty

The penalty for failing to provide information, or failing to hand over property and assets, to the Coalition Provisional Authority as required by this Order, will be imprisonment for up to 1 year or a fine of up to USD1,000, to be determined by an appropriate authority.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer 5/25/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 5

ESTABLISHMENT OF THE IRAQI DE-BAATHIFICATION COUNCIL

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Recognizing that the Iraqi people have suffered large scale human rights abuses and depravations over many years at the hands of the Baath Party,

Noting the grave concern of Iraqi society regarding the threat posed by the continuation of Baath Party networks and personnel in the administration of Iraq, and the intimidation of the people of Iraq by Baath Party officials,

Concerned by the continuing threat to the security of the Coalition Forces posed by the Iraqi Baath Party,

Acting in accordance with the Administrator's Order Number 1 of May, 16 2003 on the De-Baathification of Iraqi Society (CPA/ORD 16 May 2003/01),

Furthering CPA Order Number 2 on the Dissolution of Entities, (CPA/ORD/23 May 2003/02) and CPA Order Number 4 on the Management of Property and Assets of the Iraqi Baath Party (CPA/ORD/-May 2003/04)

I hereby promulgate the following:

Section 1
Establishment of the Iraqi De-Baathification Council

1) There will be established an entity to be known as the Iraqi De-Baathification Council, "the Council", which will commence operation at a time to be fixed by the Administrator.

2) The Council will operate at the discretion of the Administrator and will terminate operation at a time to be fixed by the Administrator or a subsequent Iraqi administration so authorised by the Administrator, or an Iraqi Government.

Section 2
Composition of the Council

1) The Council shall be composed entirely of Iraqi citizens who will be selected by and who shall serve at the discretion of the Administrator.

2) The number of members of the Council shall be determined by the Administrator but in any event shall not exceed twenty official members who may from time to time be supported by or supplemented in the performance of administration and investigations by technical personnel assigned by the Administrator.

3) Technical personnel supporting the Council will not be authorized to make official reports or findings directly to the Administrator; such reports or findings may only emanate from the Council.

Section 3
Powers and Functions

1) The Council will investigate, and gather information on the following matters:

 a) the extent, nature, location and current status of all Iraqi Baath Party property and assets including property and assets owned by Iraqi Baath Party officials and members and any methods of concealment or distribution adopted to avoid detection;
 b) the identity and whereabouts of Iraqi Baath Party officials and members involved in human rights violations and exploitation of the Iraqi people;
 c) details of any criminal allegations that may be made against Iraqi Baath Party officials and members; and
 d) any other information relevant to the Order for the De-Baathification of Iraqi Society, issued by the Administrator of the Coalition Provisional Authority on May 16, 2003 (CPA/ORD/16 May 2003/01) and the Order on the Management of Property and Assets of the Iraqi Baath Party (CPA/ORD/- May 2003/04)

2) The Council will advise the Administrator of the following matters:

 a) the most efficient and equitable means of eliminating the structure and means of intimidation and patronage of the Iraqi Baath Party;
 b) a means of identifying and classifying Iraqi Baath Party officials and members;
 c) the most efficient and equitable means of reclaiming Iraqi Baath Party property and assets; and

d) individuals who the Council considers should be exempt from the Order for the De-Baathification of Iraqi Society issued by the Administrator of the Coalition Provisional Authority on May 16, 2003 (CPA/ORD/16 May 2003/01).

3) The Council will report directly and solely to the Administrator and will not release information or material arising from its activities to any other person or organization unless authorized by the Administrator.

Section 4
Obligation to Provide Information

1) All persons shall, on request by the Council, provide all information within their possession, control or knowledge concerning any matter regarding which the Council is authorized to obtain information.

2) The penalty for failing to comply with a request by the Council for information, will be imprisonment for up to 1 year or a fine of up to USD$1,000, to be determined by an appropriate authority.

3) Any live testimony or written statements provided by individuals to the Council may not be tendered in evidence against them in any criminal proceedings.

4) Any individual affected adversely by reports, recommendations or findings by the Council will be entitled to a copy of the report and may make written representation to the Administrator for reversal of the report recommendation or finding.

Section 5
Authority of the Administrator

The Administrator will be the final authority with respect to all matters concerning the Council, including the release of any material or reports produced by the Council, any action to be taken arising from the work of the Council and the consequences for individuals reported on by the Council

Section 5
Regulation of the Council

1) The Council shall be bound by and operate in accordance with any Regulations, Orders or Memoranda issued by the Administrator.

2) The remuneration of members of the Council will be fixed in accordance with regulations to be issued by the Administrator.

Section 6
Entry into Force

This Order shall enter into force on the date of signature.

5/25/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 6

EVICTION OF PERSONS ILLEGALLY OCCUPYING PUBLIC BUILDINGS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that the assets and property of the Iraqi Ba`ath Party constitute State assets,

Affirming the CPA's commitment to counter the threat to security and civil order posed by the illegal occupation of public property and improper disposition of that property,

Acting on behalf, and for the benefit, of the Iraqi people,

I hereby promulgate the following:

Section 1
Eviction

1) The CPA now exercises control over all public property and all property formerly owned by the Ba`ath Party within Iraq. Any individual or groups determined to be in illegal occupation of such public property shall be evicted.

2) The determination of illegal occupancy for purposes of this Order shall be made by the Commander of Coalition Forces or his designee.

Section 2
Inventory

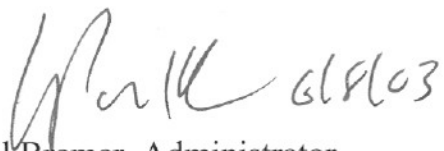
The CPA Facility Manager shall prepare and maintain an inventory describing the location and contents of all public property and property formerly owned by the Ba`ath Party within Iraq.

Section 3
Right of Appeal

Individuals or groups who are evicted from public property, or property formerly owned by the Ba`ath Party within Iraq, may appeal their eviction by submitting, to the Administrator or his designee, written evidence showing a valid right of occupancy, such as evidence of purchase for full value, or that the property did not properly fall within Section 1 of this Order.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 7

PENAL CODE

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Reconfirming the provisions of General Franks' Freedom Message to the Iraqi People of April 16,2003,

Recognizing that the former regime used certain provisions of the penal code as a tool of repression in violation of internationally recognized human rights standards,

Acting on behalf, and for the benefit, of the Iraqi people,

I hereby promulgate the following:

Section 1
Judges, police and prosecutors

All judges, police and prosecutors shall perform their duties in accordance with CPA Regulation No.1 (CPA/REG/23 May 2003/01) and in accordance with any other Regulations, Orders, Memoranda or instructions issued by the CPA.

Section 2
Suspension of Certain Provisions of Penal Code

1) Without prejudice to the continuing review of Iraqi laws, the Third Edition of the 1969 Iraqi Penal Code with amendments, registered in Baghdad on the fifth day of Jumada I 1389 or the nineteenth day of July 1969, shall apply, with the exception that i) Part Two, Chapter Two, Paragraph 200, and ii) Part Two, Chapter Three, Section One, Paragraph 225 are hereby suspended.

2) Legal proceedings may be brought with respect to the following offenses only with the written permission of the Administrator of the CPA:

 a) Part One, Chapter Four, Paragraphs 81-84, publication offenses.

 b) Part Two, Chapter One, Paragraphs 156-189, offenses against the external security of the state.

c) Part Two, Chapter Two, Paragraphs 190-195; 198-199; 201-219, offenses against the internal security of the state.

d) Part Two, Chapter Three, Section One, Paragraphs 223-224; 226-228, offenses against public authorities.

e) Part Two, Chapter Three, Section Two, Paragraph 229, offense of insulting a public official.

Section 3
Penalties

1) Capital punishment is suspended. In each case where the death penalty is the only available penalty prescribed for an offense, the court may substitute the lesser penalty of life imprisonment, or such other lesser penalty as provided for in the Penal Code.

2) Torture and cruel, degrading or inhuman treatment or punishment is prohibited.

3) No person will be prosecuted for aiding, assisting, associating with, or working for Coalition Forces or the CP A.

Section 4
Nondiscrimination

In exercising their official functions, all persons undertaking public duties or holding public office, including all police, prosecutors, and judges, must apply the law impartially. No person will be discriminated against on the basis of sex, race, color, language, religion, political opinion, national, ethnic or social origin, or birth.

Section 5
Delegation of Authority

The Administrator of the CPA may delegate his authority under this Order.

Section 6
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 8

TRAVELING ABROAD FOR ACADEMIC PURPOSES

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

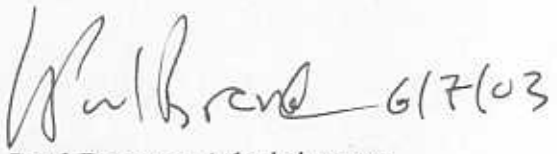
Reconfirming the provisions of General Franks' Freedom Message to the Iraqi People of April 16, 2003,

Recognizing that the free exchange of ideas and the pursuit of academic excellence is necessary to the establishment of representative self-government in Iraq,

Acting on behalf, and for the benefit, of the Iraqi people,

I hereby promulgate the following:

Any statute, regulation, instruction or policy of the former Iraqi government that imposes restrictions or procedures on faculty, employees or students of public universities, colleges or other institutions of higher education who desire to travel abroad for educational purposes, is hereby rescinded. Effective immediately, the acting presidents of public universities, colleges or other institutions of higher education shall have exclusive authority to approve requests from faculty, employees and students of their institutions to travel abroad for any academic purpose, including teaching; pursuing programs of study; or attending or participating in sabbaticals, seminars, conferences, meetings, or similar events.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 9 (REVISED)

MANAGEMENT AND USE OF IRAQI PUBLIC PROPERTY

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 (2003) and 1511 (2003),

Noting the needs of the Multinational Force and the CPA with respect to the use of public property in order to meet their obligations and facilitate administrative functions,

Affirming the CPA's obligation to responsibly manage Iraqi public property on behalf of the Iraqi people,

Furthering CPA Order No. 4, Management of the Property and Assets of the Iraqi Ba`ath Party *(CPNORD/25* May 2003/04),

Recalling that on 30 June 2004 responsibility for and authority over public property will pass to the Iraqi Government,

I hereby promulgate the following:

Section 1
Applicability

This Order applies to the assignment, occupancy, use and management of public property that is assigned to, occupied, used or managed by the CPA, Multinational Forces, Iraqi Ministries, government offices of Coalition members, emerging Iraqi administrative or political organizations; property that is necessary for the administration of social services to the people of Iraq; and public property that is temporarily made available to private individuals or organizations, including commercial or other enterprises that provide services to, or at the request of, the CPA.

Section 2
Register of Public Property

The CPA Facilities Manager shall compile and maintain a Register of Property and Assets documenting relevant information concerning all public property occupied, used, managed and assigned by the CPA, in accordance with CPA/ORD/25 May 2003/04.

Section 3
Procedures

1) Applications to occupy and use public properties shall be forwarded to the CPA Facilities Manager for approval. Applications shall be in writing, and shall state the requirement for and proposed use(s) of the property, and specifically describe the property sought, including its condition and exact location.

2) If an applicant seeks to occupy or use more than 10 properties, the applicant may request those properties collectively in one or more applications.

3) Properties will be allocated at the discretion of the CPA Facilities Manager, in accordance with priorities and policies set by the Administrator, until 30 June 2004.

4) When a property is allocated, the CPA Facilities Manager shall issue a Letter of Authority (LOA) that identifies the approved occupant, and the terms, conditions and duration of occupancy and use. The CPA Facilities Manager may issue one or more LOAs for applications that fall within Section 3(2) of this Order.

5) All LOAs in force as of 30 June 2004 shall continue in force until such time as a decision on use or occupancy of the subject property has been made by the Iraqi Interim Government, the Iraqi Transitional Government, or the Iraqi government elected under a permanent constitution as set forth in the Law of Administration for the State of Iraq for the Transitional Period (collectively "the Iraqi Government").

6) The CPA's approval of an application to occupy and use public property shall not give rise to any obligation or liability on the part of the CPA, or any State participating in the CPA, to any applicant, other than to be left in quiet possession for the duration of the approved tenancy.

7) The CPA's approval of an application to occupy and use public property shall not give rise to any obligation on the part of the Iraqi Government in any way.

Section 4
Preservation of Current Arrangements

Multinational Forces, CPA offices, Coalition government offices, and Iraqi State entities already occupying public property but not yet in possession of a LOA shall, until 30 June 2004, follow the procedures set out in Section 3 herein for a LOA documenting their continuing occupancy and use of public property.

Section 5
Inspections

1) Until 30 June 2004, the CPA Facilities Manager shall have the authority to enter properties covered under this Order, in order to inspect and inventory such properties and assets. The Facilities Manager may remove furnishings, assets or other moveable property from public buildings for storage, or transfer such property between or among public buildings, as is determined appropriate. No furnishings, assets or other movable property may be removed from or transferred between or among public buildings, without the written approval of the CPA Facilities Manager.

2) Interfering with the CPA Facilities Manager in the performance of his duties under this section, or removing furnishings, assets or other movable property from public buildings without the approval of the CPA Facilities Manager, shall constitute a violation of this Order, and may subject the violator to appropriate punishment.

Section 6
Assignment of Functions and Coordination

Until 30 June 2004, the CPA Facilities Manager may delegate authorities under this Order, and request the support of the Commander of the Multinational Forces, as necessary, to accomplish the public property management responsibility described in this Order.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

6/27/04

L. Paul Bremer III, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 10

MANAGEMENT OF DETENTION AND PRISON FACILITIES

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing the urgent necessity to ensure safe and humane prisons in order to re-establish law and order and provide for the safety of the people of Iraq,

I hereby promulgate the following:

Section 1
Authority Over Detention and Prison Facilities

Full authority and control over all detention and prison facilities, currently exercised by the Ministry of Labor and Social Affairs and the Ministry of Interior, is hereby vested in the Ministry of Justice. The Directorate of Adult Prisons and the Directorate of Juvenile Prisons in the Ministry of Labor and Social Affairs, all facilities under their authority, and all employees thereof, are hereby transferred to the Ministry of Justice.

Section 2
Interagency Cooperation

The Ministry of Labor and Social Affairs, the Ministry of Interior, and the Ministry of Justice, and all other relevant elements of government, shall cooperate in this effort. The Ministry of Justice, under the authority, direction and control of the Administrator of the CPA, may prescribe any administrative procedures necessary to ensure a properly coordinated transfer of the detention and prison facilities in accordance with this Order.

Section 3
Prison and Detention Facility Standards

There shall be promulgated pursuant to this Order an Implementing Memorandum that will set out fundamental standards applicable to the operation of all prison and detention facilities under the authority of the Ministry of Justice.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER 11

LICENSING TELECOMMUNICATIONS SERVICES AND EQUIPMENT

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing the need to restore essential telecommunications services throughout Iraq and to regulate licensing and frequency spectrum management on behalf of the people of Iraq,

I hereby promulgate the following:

Section 1
Definitions

1) *"Commercial telecommunications"* includes all telecommunications and radio services (and related equipment) that are offered for public use and for which a fee is charged;

2) *"frequency spectrum"* means the range of frequencies that are available for assignment to radio operators for the provision of commercial telecommunications, telecommunications, broadcasting and other such services;

3) *"telecommunication"* means the conveyance of speech, music and other sounds, visual images or signals by electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical means.

Section 2
Authority to License

1) On behalf of the CPA, the Ministry of Transportation and Communications (the Ministry), shall assume responsibility for licensing all commercial telecommunications services in Iraq. Commercial telecommunications equipment may not be installed or operated without prior written authorization from the Ministry. Any equipment used for such commercial purposes without prior authorization will be subject to seizure without compensation.

2) This Order applies only to commercial telecommunications. Thus, services operated by government organizations, non-government organizations, international entities, and commercial enterprises for their own use, for which

no fees are charged, can continue to operate without the prior authorization of the Ministry, unless the equipment requires use of the frequency spectrum.

3) The Ministry shall control, plan, administer, manage and license the radio frequency spectrum. The Ministry shall honor Iraqi international commitments with respect to radio communication and telecommunication matters, unless prevented by security considerations or overriding international humanitarian law obligations. Accordingly, in exercising its responsibilities under this Order, the Ministry shall comply with applicable standards and requirements of the International Telecommunication Union and its Radio Regulations, as agreed to or adopted by Iraq, unless prevented by reason of security considerations or overriding international humanitarian law obligations.

4) Applications to provide commercial telecommunications services, or for civil use of the frequency spectrum, shall be made to the Ministry.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

6/9/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 12

TRADE LIBERALIZATION POLICY

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Reconfirming the provisions of General Franks' Freedom Message to the Iraqi People of April 16, 2003,

Recognizing the central role of international trade in Iraq's recovery and its development of a free market economy,

Acting on behalf, and for the benefit, of the Iraqi people,

I hereby promulgate the following:

Section 1
Suspension of Tariffs and Trade Restrictions

All tariffs, customs duties, import taxes, licensing fees and similar surcharges for goods entering or leaving Iraq, and all other trade restrictions that may apply to such goods, are suspended until December 31, 2003. For the remainder of this year, the CPA will not collect any such fees for goods entering or leaving Iraq by land, sea or air.

Section 2
Exceptions

The suspension directed under Section 1 of this order shall not apply to the goods described in the attached Annex to this Order.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

CPA/ORD/7 June 2003/12

ANNEX

COALITION PROVISIONAL AUTHORITY NUMBER 12

TRADE LIBERALIZATION POLICY

PROHIBITED EXPORTS

Foodstuffs

Sugar
Tea
Imported rice
Imported vegetable oils and fats
Lentils and chickpeas
Dried beans
Milk powder and infant formula
Yellow corn for animal feed

Animals

Female camels, goats, cows, sheep, buffalo, donkeys and horses
Deer and mules

Manufactured goods

Cars, vehicles and other machinery
Ferro-concrete, iron, iron reinforcing rods
Galvanised iron plates, steel sheets and plates
All kinds of wood
Mineral water pipes and their fittings
Ceramic and other bathroom furnishings including taps and sinks
Plain and coloured window glass
Copper and lead

Other articles

Bar soap and detergents
Date palm seedlings and shoots
Historical artifacts

RESTRICTED AND PROHIBITED IMPORTS

Certain goods designated by the Ministry of Trade will still be subject to import requirements and fees, such as personal automobiles. Prohibitions remain on magazines and films contrary to public norms; on dual-use chemical materials in accordance with international obligations; and on the sale or supply to Iraq of arms and related materiel other than those required by the CPA, consistent with UN Security Council Resolution 1483.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 13 (REVISED) (AMENDED)

THE CENTRAL CRIMINAL COURT OF IRAQ

Pursuant to my authority as head of the Coalition Provisional Authority (CPA) and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Committed to promoting the development of a judicial system in Iraq that warrants the trust, respect and confidence of the Iraqi people,

Noting the continuing need for military support to maintain public order,

Furthering the CPA's duty to restore and maintain order and its right to ensure its security and fundamental standards of due process,

Recognizing the role that Iraqi jurists and legal systems must assume in addressing those serious crimes that most directly threaten public order and safety,

Acting on behalf, and for the benefit of the Iraqi people,

I hereby promulgate the following:

Section 1
Establishment of Central Criminal Court of Iraq

1) There shall be established a Central Criminal Court of Iraq (hereinafter "the CCCI"), which shall sit in the city of Baghdad and in such sessions in other locations in Iraq as provided for in this Order. The CCCI shall have national jurisdiction over all matters set forth in Section 18.

2) The CCCI shall consist of two chambers:

 a) an Investigative Court; and
 b) a Felony Court

Section 2
The Investigative Court

1) The Investigative Court shall operate in accordance with the requirements and procedure of Investigative Courts under the Iraqi Law on Criminal Proceedings of 1971, as amended, and as further modified by any CPA Orders, Implementing Memoranda and this Order.

2) The Investigative Court shall have jurisdiction over all matters that are set forth in Section 18.

3) The Investigative Court shall not have jurisdiction over any civil matter, other than victim compensation claims associated with a criminal matter.

Section 3
Felony Court

1) The Felony Court shall operate in accordance with applicable Iraqi Law.

2) The Felony Court shall have jurisdiction over matters as set forth in Section 18.

Section 4
Applicable Law

The CCCI shall apply Iraqi law as modified by applicable CPA Orders and this Order.

Section 5
Judges of the Central Court

1) Prior to the assumption of the functions of government on 1 July 2004, the judges of the CCCI shall be appointed by the Administrator and shall:

 a) be an Iraqi national,

 b) be of high moral character and reputation,

 c) have a background of either opposition to the Ba'ath Party, non-membership of the Ba'ath Party or membership that does not fall within the leadership tiers described in CPA/ORD/16 May 2003/01 and entailed no involvement in Ba'ath Party activity,

 d) have no criminal record unless the record is a political or false charge made by the Ba'ath Party regime,

 e) have had no involvement in criminal activities,

 f) have demonstrated a high level of legal competence; and

 g) be prepared to sign an oath or solemn declaration of office.

2) A judge of the CCCI may only be removed by the Administrator where there is clear evidence of unlawful or unethical conduct, breaches of the requirements of this Order, or incompetence on the part of the member.

3) The Administrator may appoint reserve judges of the CCCI in accordance with the criteria set out in this section. Reserve judges may act as judges of the CCCI when a panel member is for any reason unable to perform his or her duties, or otherwise provide additional support as necessary.

4) In light of the nationwide jurisdiction of the Court, the Chief Judges of both the Investigative and Trial Court shall automatically be promoted to Level I Judges, if not already at that level, and shall be compensated accordingly. Similarly, all other judges shall be automatically promoted to Level II, if not already at that level, and shall compensated accordingly and be eligible to advance to Level 1 in accordance with applicable procedures.

5) All judges appointed as of the date of this order or thereafter shall be permanent Iraqi judges and shall serve in accordance with Iraqi law.

6) After the effective date of the Transitional Administrative Law, the judges of the CCCI will be appointed, and removed from office in accordance with the procedures set forth in Iraqi law.

Section 6
Independence of the Judiciary

1) Judges of the CCCI shall perform their duties independently and impartially, and in accordance with the applicable laws in Iraq and the oath or solemn declaration pursuant to this Order.

2) Judges of the CCCI shall decide matters before them without discrimination on the grounds of race, nationality, ethnicity or religion and in accordance with their impartial assessment of the facts and their understanding of the law, without improper influence, direct or indirect, from any source.

3) Any hierarchical organization of the judges or any difference among judges in grade or rank shall in no way interfere with the duty of the judge, whether exercising jurisdiction individually or acting collectively on a panel, to pronounce judgment in accordance with this Order.

4) While in office, judges and prosecutors of the CCCI shall be barred from accepting political or any other public office, or from accepting any employment,

including for teaching law, participating in the drafting of law, or carrying out legal research on a part-time basis, unless for honorary unpaid purposes.

Section 7
Refusal of Justice

No judge of the CCCI may refuse to hear, try or decide a case that is brought before the court in accordance with the relevant procedural provisions.

Section 8
Disqualification of Judges

1) The Administrator may, at the request of a judge or a party to a proceeding, excuse that judge from the exercise of a function in any case in which the impartiality of the judge might reasonably be doubted on any ground.

2) A judge of the CCCI shall be disqualified from a case in accordance with this Order if that judge has previously been involved in any capacity in that case before the court.

3) A judge of the Central Court shall be obliged to request that the Administrator excuse him or her from the exercise of a function in any case in which a party to the proceedings is a spouse, relative of second degree or other close relationship of that judge.

4) Prior to the assumption of the functions of government by Iraq, any question as to the disqualification of a judge shall be decided by the Administrator. After the assumption of the functions of government, the disqualification of a judge shall be decided in accordance with the applicable law.

Section 9
Obligations of Local Courts

1) All local courts in Iraq shall comply with an order by the CCCI to:

 a) question witnesses who are registered or permanently accommodated in the area of the requested court's jurisdiction,

 b) carry out at-the-scene examinations or re-enactments of crimes in the area of the requested court's jurisdiction,

c) serve summonses of the CCCI on witnesses in the requested court's jurisdiction,

d) serve decisions of the CCCI on individuals in the requested court's jurisdiction,

e) execute the decisions of the CCCI if the subject of dispute is located in the requested court's jurisdiction,

f) provide files of the requested court for information purposes or decision,

g) refer cases to the CCCI.

2) All local criminal courts of first instance shall be required to follow the directives and orders of the CCCI. The CCCI shall at all times be subject to the jurisdiction of the Court of Cassation in accordance with the applicable law.

3) The failure of any local judge to follow the orders of the CCCI may be punished in accordance with Iraqi law.

Section 10
Hearings

1) Hearings of the CCCI and deliberations shall take place at the seat of the court in Baghdad and in such other locations in any other part of Iraq as the court determines is required.

2) The panel of judges or, where applicable, the individual judge may decide to hold hearings of the court in places other than at the seat of the court if the interests of justice require. In making the decision, the panel of judges or the individual judge shall be guided by the particular circumstances of the case and their responsibility to facilitate equal access to justice.

3) Radio and television broadcasting within the courtroom shall be governed by the applicable law.

4) The testimony before the Felony Court shall be public, unless otherwise determined by the judge or judges in accordance with Iraqi law.

5) Verdicts of the Felony Court shall without exception be delivered in public.

6) The CCCI may receive testimony from witnesses who are not present in Iraq by Video Telephone Conference or similar communications technology.

7) The deliberations of a judge or judges shall remain confidential.

Section 11
Record of Proceedings

1) In each hearing conducted by the Felony Court, there shall be a record of the proceedings in accordance with Iraqi law. The record will be made available, on request, to all parties to the proceedings, including their legal counsel.

2) In the case of the Investigative Court the judge shall take, as appropriate, notes of the proceedings and submit them to the files in accordance with Iraqi law.

3) Upon request, the record or notes shall be made available to the public, unless a determination has been made under this Order that the hearing shall not be public.

Section 12
Translation Service

The CCCI shall provide translation and interpretation services in every case where a party to the proceedings, or a judge, or a witness, or expert witness does not sufficiently speak or understand the language spoken in that court.

Section 13
Penalties

1) The penalties imposed by the CCCI shall be as prescribed for their equivalent courts under Iraqi law, as modified by CPA orders.

2) Sentences may be reduced at the discretion of the CCCI where the accused has cooperated with investigative authorities. This discretion extends to the reduction of mandatory minimum sentences. The CCCI shall have the power to reduce sentences at any time, even after the defendant has been sentenced, if a defendant agrees to provide truthful testimony about criminal activity.

Section 14
Prosecution Service

The Prosecutors shall act in accordance with Iraqi law.

Section 15
Court Registry

1) There shall be a Registry for the CCCI. The Registry shall have responsibility for the receipt of documents to be filed in the court, for organizing court documents and ensuring security of court documents, and for such other functions as are permitted by Iraqi law and by CPA Orders or Memoranda.

2) The staff of the Registry shall have legal and administrative skills, and shall be appointed by the Judiciary in accordance with applicable procedures.

Section 16
Court Staff

1) Each chamber of the CCCI shall have such qualified staff as may be required for the proper functioning of the chambers and the discharge of the responsibilities of its judges.

2) Each panel of judges or each individual judge shall be assisted during the trial sessions by a member of the court staff.

3) The court staff shall be selected in accordance with Iraqi law.

Section 17
Investigative Support

1) The CCCI shall be able to request the support from the international community, any authorized foreign military forces in Iraq or diplomatic posts in Iraq for the investigation or trial of cases.

2) CCCI shall not compel the production of foreign military forces present in Iraq in support of operations sanctioned by a UN Security Council resolution or at the request of the Iraqi government, or diplomatic personnel or any documents under their control.

3) The Investigative Court and the Felony Court have the authority to direct any and all Iraqi government law enforcement and security agencies to assist the court in the performance of its duties.

Section 18
Jurisdiction

1) The CCCI shall have nationwide discretionary investigative and trial jurisdiction over any and all criminal violations, regardless of where those offenses occurred. Its jurisdiction shall extend to all matters that could be heard by any local felony, or misdemeanor court.

2) In exercising its discretionary jurisdiction, the CCCI should concentrate its resources on cases related to:

 a) terrorism,

 b) organized crime,

 c) governmental corruption,

 d) acts intended to destabilize democratic institutions or processes,

 e) violence based on race, nationality, ethnicity or religion; and

 f) instances in which a criminal defendant may not able to obtain a fair trial in a local court.

3) Any criminal defendant may request the CCCI to review his or her case if the defendant asserts that his case will not be fairly heard by a local criminal court.

4) Any felony, misdemeanor or investigative court in Iraq may refer a case to the court.

5) If the investigation of a case has been completed by a local investigative court, the CCCI may, if it chooses, conduct the trial of the case without conducting a further investigation. However, the court may order a new investigation, or supplement the prior investigation, if it believes it necessary in the interests of justice to do so.

6) The decision of the CCCI to take jurisdiction of a case will end any local courts jurisdiction over such case, and all local courts shall be required to immediately furnish all files to the CCCI and fully cooperate with the court as outlined in Section 9 above.

Section 19
Method of Selecting Cases

1) Prior to 1 July, 2004, the Administrator retains the authority to refer cases to the CCCI. The Court may also accept cases on its own authority, without the need for a referral from the Administrator, as of the date of this order, in accordance with provisions set forth herein. Cases referred by the Administrator will have priority.

2) Cases shall be selected by the Chief Investigative Judge, or in his absence the next most senior Investigative Judge. If a case is selected at the investigative stage, the court shall retain jurisdiction through both the investigation and the trial of the case, without the need to reconsider jurisdiction after the completion of the investigation.

3) The above method of selection includes those cases that may go directly to the Felony Court for trial in accordance with Section 18(5).

4) From 1 July 2004 the Court will receive matters in accordance with the provisions of this Order which do not relate to the authority of the Administrator.

5) After 1 July 2004, Diplomatic representatives may bring potential cases to the CCCI's attention so that it can determine whether to select them in accordance with this Section and Section 19. The CCCI, however, after 1 July 2004, is not required to hear cases brought to its attention in this matter.

Section 20
Issuing of Warrants and Ancillary Orders

1) Any judge on the court has the authority to issue an arrest warrant, a search warrant or order other investigative measures allowed under Iraqi law whether or not the case has been selected under Section 19 above.

2) A warrant or other order issued under this Section shall be valid in any proceedings notwithstanding any decision made under Section 19 above.

Section 21
Appeals

All appeals arising from CCCI proceedings shall be heard in accordance with applicable Iraqi law as modified by CPA orders but the Court of Cassation shall hear all appeals from the Felony Court.

Section 22
Representation of the Accused

All accused persons appearing before the CCCI, shall have the right to representation by an attorney of their choice. Where an accused person is unable to afford the services of an attorney the CCCI will provide them with a suitably qualified attorney free of charge.

Section 23
Entry into Force

This Order shall enter into force on the date of signature.

4/22/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 14

PROHIBITED MEDIA ACTIVITY

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting the extensive specific authority granted to the CPA under the laws and usages of war for the control of all appliances, whether on land, at sea, or in the air, adapted for the transmission of information, whether State or privately owned,

Recognizing the importance of the provision of accurate information to the Iraqi people,

Committed to creating an environment in which freedom of speech is cherished and information can be exchanged freely and openly,

Welcoming the emergence of a free and independent media in Iraq,

Determined to prevent the misuse of media to promote violence or undermine public security generally,

I hereby promulgate the following:

Section 1
Definition

"Media organization" includes individuals or groups, and private, corporate, or public entities, domestic or international, established for the purpose of transmitting information by any means.

Section 2
Prohibited Activities

Media organizations are prohibited from broadcasting or publishing original, re-broadcast, re-printed or syndicated material that:

a) incites violence against any individual or group, including racial, ethnic or religious groups and women;
b) incites civil disorder, rioting or damage to property;
c) incites violence against Coalition Forces or CPA personnel;
d) advocates alterations to Iraq's borders by violent means;

e) advocates the return to power of the Iraqi Ba'ath Party or makes statements that purport to be on behalf of the Iraqi Ba'ath Party.

Section 3
Detection of Prohibited Activities

1) The Administrator shall have the authority to use all the capabilities available to the CPA for the purpose of detecting prohibited activities under this Order.

2) The Administrator may authorize on-site inspections of Iraqi media organizations, without notice, in order to ascertain compliance with this Order and to seize any prohibited materials and production equipment and seal off any operating premises. No compensation will be allowed for any such material or equipment seized, or premises closed.

Section 4
Emergency Security Response

1) Where any media activity poses an imminent threat to the security of Coalition Forces or CPA personnel, or a significant and immediate threat to public order, the Commander of Coalition Forces may take direct action to prevent or defeat the threat. Any action taken in accordance with this section will be immediately reported to the Administrator.

2) Nothing in this Order limits the authority of the Commander of Coalition Forces to execute military operations under applicable Rules of Engagement .

Section 5
Penalties

1) Any media organization found to be broadcasting, publishing, or attempting to broadcast or publish prohibited material in violation of this Order may be detained, arrested, prosecuted and, if convicted, sentenced by relevant authorities to up to one year in prison or a fine of up to USD1,000.00.

2) The Administrator may, in his discretion, withdraw the license, close the operation, confiscate the property, and seal the premises of any media organization found to be in breach of this Order.

Section 6
Appeal by a Media Organization

Any media organization whose license, property, premises or operation has been withdrawn, seized, sealed or closed, may submit to the Administrator written evidence as to why the action should be reversed.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 15

ESTABLISHMENT OF THE JUDICIAL REVIEW COMMITTEE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting the obligation on the CPA to restore and maintain order and the right of the CPA to take measures for its security, to ensure fundamental standards of due process and to promote the rule of law,

Noting that the Iraqi justice system has been subjected to political interference and corruption over the years of Iraqi Ba'ath Party rule,

Noting that it is inherent to the stability of any society that the judicial system is independent and impartial but is seen to be so,

Recognizing the role that the Judicial Review Committee will have in ensuring as far as possible the highest standard of judicial service in,

Acting in accordance with the Administrator's Order Number 1 of May, 16 2003 on the De-Baathification of Iraqi Society (CPA/ORD 16 May 2003/01),

I hereby promulgate the following:

Section 1
Establishment

1) There will be established an entity to be known as the Judicial Review Committee (hereinafter "the Committee") which will commence operation at a time to be fixed by the Administrator.

2) The Committee will operate at the discretion of the Administrator and will terminate operation at a time to be fixed by the Administrator.

Section 2
The Iraqi Judiciary Act

In accordance with Section Three of Coalition Provisional Authority Regulation Number One, the Iraqi Organization of the Judiciary Act of 1979 ("Iraqi Judiciary Act") shall be suspended insofar as its provisions conflict with this Order, or any

decision of the CPA, the Senior Advisor or the Judicial Review Committee. Nothing in the Iraqi Judiciary Act, or any other Iraqi law, shall impede the operation of the Committee as provided for in this Order and the Committee Terms of Reference.

Section 3
Composition of the Committee

1) The Committee shall be composed of three Iraqi members and three international members who shall be nominated by the Senior Advisor and appointed by the Administrator, and who shall serve at, the discretion of the Administrator.

2) The members of the Committee shall be qualified lawyers within their national jurisdictions and shall serve for a period of three months unless otherwise specified at the time of appointment.

Section 4
Powers and Functions

1) The Committee shall investigate and gather information on the suitability of Judges and Prosecutors to hold office. It shall have the power to remove judges and prosecutors from office, confirm their continued holding of office, appoint replacements for judges and prosecutors removed from office and resolve the claims of judges and prosecutors who assert that they were improperly removed from office.

2) The Committee will act in accordance with the Committee Terms of Reference.

Section 5
Obligation to Provide Information

1) All persons shall, on request by the Committee, and in accordance with the Terms of Reference, provide all authorized information within their possession, control or knowledge concerning any matter regarding which the Committee is authorized to obtain information.

Section 6
Regulation of the Council

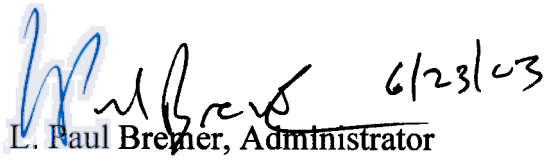
1) The Council shall be bound by and operate in accordance with its Terms of Reference and any Regulations, Orders or Memoranda issued by the Administrator.

2) The Senior Adviser shall fix the remuneration of members of the Committee.

3) The Iraqi members of the committee shall retain any governmental positions that they hold. Any member of the Committee may continue to hold employment positions that they held prior to joining the Committee, if the Senior Advisor determines that they are able to do so without impeding their service on the Committee and that no conflict of interest or bias is created thereby.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 16 (REVISED) (AMENDED)

TEMPORARY CONTROL OF IRAQI BORDERS, PORTS AND AIRPORTS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council Resolutions, including Resolution 1483 (2003) and Resolution 1511 (2003),

Recognizing that it is desirable as soon as possible to restore the normal transit and movement of people to and from Iraq,

Acknowledging that the Iraqi laws on immigration, customs and quarantine should remain in place unless exceptions prove necessary for security reasons or otherwise to accomplish the obligations of the CPA under the laws and usages of war,

Recognizing that effective export and border controls are essential to prevent terrorist activities and the proliferation of weapons of mass destruction, their delivery systems, advanced conventional weapons and related technologies,

Noting that the current security situation in Iraq does not permit the unrestricted resumption of normal transit and movement,

I hereby promulgate the following:

Section 1
Definitions

1) *"Authorized officer"* means any Coalition personnel or Iraqi official designated by the CPA, Ministry of Interior or Ministry of Foreign Affairs to perform border control, customs, immigration, consular or quarantine services. For purposes of issuance and revocation of travel documents (including permits) only, authorized officer means "designated travel document issuing authority" as defined in Section 1.1.

2) "*Coalition contractor"* and "*contractor"* has the same meaning as the definitions in Section 1 of CPA Order Number 17 as revised or amended.

3) *"Coalition personnel"* means

 a) all non-Iraqi military and civilian personnel under the authority of the Commander of Coalition Forces or the Commander Multi-national Force Iraq, as well as all non-Iraqi military and civilian personnel assigned to, or under the

direction or control of, the Administrator of the CPA or its successor organization;

b) citizens or nationals traveling to Iraq on official government business of the United States of America, United Kingdom, Australia, Italy, The Netherlands, Poland, Ukraine, Portugal; and

c) citizens or nationals traveling to Iraq on official government business of any other designated state: such designations will be made by the CPA or the Ministry of Foreign Affairs.

4) "*Designated travel document issuing authority"* means:

d) with respect to issuance of regular passports, interim travel documents and extending Iraqi passports, the offices of the Ministries of Interior and Foreign Affairs so designated by the Minister or Deputy Minister of Interior, and any Iraqi mission located outside Iraq so designated by the Minister of Foreign Affairs or the Director of Consular Affairs;

e) with respect to issuance of Iraqi diplomatic and official passports, the Ministry of Foreign Affairs;

f) with respect to travel permits, the Ministry of Foreign Affairs and any Iraqi mission located outside Iraq so designated by the Minister of Foreign Affairs or the Director of Consular Services to do so, or Ministry of Interior offices so designated by the Minister or Deputy Minister of Interior; and

g) with respect to special clearances the Ministry of Interior offices so designated by the Minister or Deputy Minister of Interior.

5) *"Goods"* means any commodity, substance, organism, article, document, data or thing, whether manufactured or natural, including any Controlled Item that may be moved across the borders of Iraq. "Goods" does not include human bodies, cadavers or human remains.

6) *"Member of a crew"* means a person, including a master, who is employed on a vehicle to perform duties during a voyage or trip related to the operation of the vehicle or the provision of services to passengers.

7) *"Controlled Item"* means any item contained in the control lists of the Missile Technology Control Regime, the Australia Group, the Nuclear Suppliers Group, the Zangger Committee or the Wassenaar Arrangement or any other documents, systems, components, materials, software or technology that may be intended to

contribute to the acquisition, manufacture, development, research or transfer of Weapons of Mass Destruction, their delivery systems or advanced conventional military systems. "Technology" includes information necessary for the design, development, production, or use of a controlled commodity or software.

8) *"Terrorism"* means the use or threatened use of unlawful violence against civilians, noncombatants, or other innocents, calculated to cause fear or to coerce or intimidate governments or societies, and motivated by political, religious, or ideological goals.

9) *"Terrorist Organization"* means an organization whose objective is to support or commit acts of terrorism, directly or indirectly, physically or financially.

10) *"Transportation Company"* is any corporation, enterprise or other entity transporting persons and/or goods to and from Iraq.

11) *"Travel Documents"* means documents required by the CPA, Ministry of the Interior or Ministry of Foreign Affairs for entry into and exit from Iraq. These may include:

a) an Iraqi passport valid on its face or which has had its validity extended consistent with this Order;

b) a CPA Interim Travel Document (ITD);

c) a document or documents proving Iraqi nationality (including an Iraqi Nationality Card) issued for the purposes of return to Iraq;

d) a travel permit issued by an authorized officer as defined by this Order;

e) a document issued by a foreign government or an international organization, such as the United Nations High Commission for Refugees or *the International Committee of the Red Cross* identifying the person as a refugee from Iraq; and

f) passports of any country, government issued identification cards, military identification, government issued travel orders for military personnel, and UN issued travel documentations.

12) *"Travel permit"* means a permit to enter Iraq issued pursuant to Section 5 of this Order and includes visa, entry stamp or entry card.

13) *"Vehicle"* means any conveyance by land, water or air.

14) *"Weapons of Mass Destruction"* means nuclear, biological, or chemical weapons.

Section 2
Preservation of Laws

1) All Iraqi laws regarding immigration, emigration, customs and quarantine shall remain in force unless specifically suspended by this Order.

2) Wherever a stipulation, direction, instruction, guidance or provision of this Order or made pursuant to this Order or any other CPA Regulation, Order or Memorandum conflicts with a current provision of Iraqi immigration, emigration, customs and quarantine laws, the direction, instruction, guidance, or provision contained in or made pursuant to such Regulation, Order or Memorandum shall prevail.

3) The Ministry of Interior or Ministry of Foreign Affairs, in consultation with each other as appropriate, may issue directions, instructions or guidance to designated travel document issuance authorities consistent with this Order or any other CPA Regulation, Order or Memorandum.

4) The edict of the former President Saddam Hussein, fixing the expiration of "N" series passports in the year 2003, issued during the years 1996 to 2002, is hereby suspended. All "N" and "M" series passports will continue in effect for their statutory duration.

5) All Iraqi passports in the "N" and "M" series may be extended by any designated travel document issuing authority. Passports presented to a designated travel document issuing authority for extension on or before their original expiration date or within the two months immediately following their original expiration date may be extended for a period of four (4) years. Passports presented to a designated travel document issuing authority for extension after the two months following their original expiration date may be extended for a period of two (2) years. Designated travel permit issuing authorities may validate Iraqi passports in any series. Any passport purporting to have been issued after March 19, 2003 that has not been validated with a stamp from either the CPA, the Ministry of Foreign Affairs or the Ministry of Interior, or with a combined CPA/Ministry of Interior/Ministry of Foreign Affairs stamp, is invalid. Any Iraqi passport valid under this Order may be amended by any authorized officer at an Iraqi mission overseas to register a child under the age of twelve (12) years, on the passport of a parent, guardian or legal trustee in accordance with established Iraqi law and procedures.

6) Consistent with Section 2 of CPA Order No. 26 (CPA/ORD/24 August 2003/26), the Ministry of Foreign Affairs has the authority to grant, issue, renew, extend or amend diplomatic and official passports in accordance with established procedures and for the purpose of facilitating official travel of Iraqi officials. As of January 1, 2004, all diplomatic and official passports that do not have a CPA and/or Ministry of Foreign Affairs stamp either to reflect issuance, renewal, extension or validation are declared invalid for travel except for direct return travel to Iraq. Such passports may be confiscated by any authorized officer or any authorized representative of the Ministry of Foreign Affairs.

Section 3
Right to Exit

1) Subject to compliance with Iraqi law and with border control procedures established by the CPA or Ministry of Interior, all persons may exit from Iraq, provided they are in possession of travel documents and are not subject to any travel restrictions under applicable law, including this Order.

2) The following persons shall require special clearance from the Minister of Interior to exit Iraq and may be prevented from exiting at the discretion of the Minister of the Interior:

 a) Senior regime or military leadership and Senior Party Members or office holders of the Ba`ath Party, as described in CPA/ORD/16 May 2003/01;

 b) Persons suspected of having committed serious crimes;

 c) Persons who are known or suspected to have links to a terrorist organization or who are suspected to have committed or to have provided financial, material, or technological support for acts of terrorism; and

 d) Persons suspected of being involved or attempting to be involved with the acquisition, manufacture, development, research, or transfer of technology or material related to Weapons of Mass Destruction or their delivery systems; or having knowledge of the location of Weapons of Mass Destruction or their delivery systems, or the identity of persons with such knowledge.

Section 4
Examinations for Entry

1) A person seeking entry to Iraq shall appear before an authorized officer at a port of entry, border control station or at such other place as may be designated by the

Ministry of the Interior for examination to determine whether the person may be granted entry to Iraq.

2) A person appearing for examination shall answer truthfully all questions and shall produce such documentation as may be required for the purpose of establishing whether the person may be granted entry.

3) A person may be detained for up to forty-eight hours for further examination upon entry and/or pending arrangements for his or her return based on established procedures, or his or her withdrawal of the request to enter Iraq.

Section 5
Permits to Enter Iraq

1) Persons seeking entry to Iraq are to be classified as either persons who require permits granting entry into Iraq (hereinafter "permits") or persons who do not require such permits. All persons who are not listed in Sections 5(2) or 5(3) of this Order require permits. Authorized officers shall issue permits, in accordance with this Order, or in accordance with any direction from the Ministry of Interior, in consultation with the Ministry of Foreign Affairs, and in accordance with applicable law.

2) Persons not requiring permits to enter Iraq are still those persons not otherwise denied permits under this Order who are:

 a) citizens of Iraq or persons who were born in Iraq;

 b) Coalition personnel;

 c) United Nations officials or any official of any other UN organization;

 d) documented members of seagoing ships' companies during the stay of a ship in Iraqi waters; and

 e) documented members of airline companies during the stay of the aircraft in Iraqi territory.

3) The Ministry of Interior or Ministry of Foreign Affairs may issue permits for a variety of purposes, including but not limited to business, tourism, students, temporary visitors, residence and foreign liaison (diplomatic). The Ministry of Interior, in consultation with the Ministry of Foreign Affairs, shall issue directions relating to the number, duration and other conditions pertaining to the issuance of designated classes of permits.

4) Permits may be issued from CPA, any Iraqi mission or embassy that has reopened and has been authorized to do so by the Ministry of Foreign Affairs, and Ministry of Interior offices established or authorized for this purpose within Iraq and at authorized ports of entry.

Section 6
Powers of an Authorized Officer

1) A designated travel document issuing authority who receives an application for a permit shall either approve or refuse the application, and shall notify the applicant of the decision. At any time after an application for a permit is approved, the authorized officer may:

 a) Alter or revoke any terms and conditions subject to which the person was granted entry;

 b) Add terms and conditions as prescribed or authorized by the present Order and other CPA Regulations, Orders or Memoranda; and/or

 c) Extend the permit.

2) Subject to the present Order, a visitor seeking an extension of a permit shall appear before an authorized officer for examination to determine whether the visitor may be granted an extension of a permit at such place as may be designated by the Ministry of the Interior.

3) A visitor appearing for examination shall answer truthfully all questions and shall produce such other documentation as may be required for the purpose of establishing whether the visitor may be granted an extension of a permit.

Section 7
Persons Who May be Denied Entry to Iraq

1) An authorized officer who receives an application for a permit may refuse the application if the authorized officer has reasonable grounds to believe that the applicant:

 a) knowingly provided any false, misleading, or inaccurate information in the course of the application process;

b) is suffering from any serious communicable disease, or is suffering from any disorder, disability or other health impairment for which commercial health services are not readily available in Iraq;

c) will be unable or unwilling to support herself or himself, and those persons who are dependent on the applicant;

d) is or was a member of a criminal organization;

e) will commit offenses, or engage in criminal activity planned and organized by persons acting in concert with or in furtherance of the commission of any offense;

f) will engage in or has engaged in an act of terrorism, or is a member of a terrorist organization or an organization that there are reasonable grounds to believe will:

i. engage in acts which are offensive to the principles of democratic government, institutions or processes in Iraq; or

ii. engage in or instigate the removal by force of any government;

g) will engage in acts of violence that may endanger the lives or safety of persons in Iraq, or who is a member of an organization that engages in such acts;

h) has been involved or attempted to be involved with the acquisition, manufacture, development, research or transfer of technology or material related to Weapons of Mass Destruction, their delivery systems, or advanced conventional military systems, including dual use items;

i) has committed acts or omissions that constituted a war crime or a crime against humanity; or

j) has previously been deported from Iraq by the CPA, or an international territory with formal border controls.

2) In the case of a person who is in possession of a valid travel document, or who can otherwise establish Iraqi nationality, his or her entry into Iraq shall not be denied. However, if security or military necessity requires, then such a person may be detained upon entry into Iraq.

3) A person denied entry under this Order may appeal to the Minister of Interior for a review of the case. The determination of the Minister of Interior will be final.

Section 8
Notice to Depart

1) Where an authorized officer, upon examination of a person, is of the opinion that it would be contrary to the present Order to grant entry to the person, or to extend the permit of a person, the authorized officer may:

 a) allow that person to leave Iraq immediately; or

 b) serve that person with a Notice to Depart (hereinafter "Notice") within a specified period.

2) A Notice must specify:

 c) that the person must depart Iraq within a specified period;

 d) the reasons why the Notice is being served;

 e) that the person may object to the Notice in writing to the Ministry of the Interior within a specified time, or give reasons why the Notice should not remain in force; and

 f) that timely compliance will not have adverse consequences for the return of a person who otherwise complies with entry requirements.

3) Where the Minister of Interior receives written objections from a person under this Order, the Minister of Interior shall:

 c) consider such written objections promptly,

 d) promptly determine the fair and lawful resolution of the matter, and

 e) advise the person in writing of the decision.

Section 9
Revocation of a Permit

A designated travel document issuing authority may revoke a person's permit if:

 a) the circumstances that formed the basis of the approval of the person's application for the permit have substantially changed;

b) the person breaches a prescribed term of the permit, or another person required to comply with a condition of the permit has not met that condition;

c) the presence of the person in Iraq is, or would be, a risk to the health, safety or good order of the Iraqi community; or

d) the permit should not have been granted because the application for the permit was in contravention of the present Order or other applicable law.

Section 10
Identification and Seizure of Documents

1) Persons shall comply with the instructions of an authorized officer regarding their identification, if they:

 a) seek entry into Iraq,

 b) make an application for the renewal of a permit,

 c) have been arrested, or

 d) are subject to deportation under this Order.

2) For the purpose of identification, an authorized officer may in accordance with the provisions of Sections 11 and 12 below:

 a) search persons who the authorized officer believes either have not revealed their identity or have hidden on or about their person documents that are relevant to a decision as to whether they may be granted permission to enter Iraq, and may search any vehicle that conveyed the persons to Iraq and their luggage and personal effects;

 b) search persons who the authorized officer reasonably believes have committed an offense or are in possession of objects or documents that may be used in the commission of an offense, and may search any vehicle that conveyed the person to Iraq, their luggage and personal effects;

 c) examine any travel document or any other document purporting to be a travel document at a port of entry or any other place in Iraq, for the purpose of this Order or relevant directives, examine any object that is, or is about to be, imported into or exported from Iraq.

3) An authorized officer may confiscate at a port of entry or any other place in Iraq any object or document if the authorized officer reasonably deems this necessary for the discharge of the functions of the officer under this Order.

4) An authorized officer may confiscate any object or document if the officer reasonably believes that it has been fraudulently or improperly obtained or used, or that such action is necessary to prevent its fraudulent or improper use.

5) An authorized officer shall provide a written receipt to any person from whom he or she confiscates an object or document under this Order, and shall provide the person with a written notice setting out the procedures for review pursuant to Section 17 below.

Section 11
Search of a Person

1) An authorized officer may, without a warrant, search a person who seeks entry to Iraq.

2) The search of a person must be made by an authorized officer pursuant to the present Order and must be made on reasonable grounds.

3) No person shall be searched by a person who is not of the same sex, and if there is no officer of the same sex at the place at which the search is to take place, an authorized officer may request that another border control or customs employee of the same sex perform the search, when necessary to comply with this provision.

Section 12
Search and Seizure of Goods

1) An authorized officer may, without a warrant, search the vehicle, luggage or personal effects of any person who seeks entry into Iraq.

2) Persons crossing the borders of Iraq must make declarations or manifests of all goods being transported by the person available to an authorized officer on request.

3) An authorized officer shall confiscate any goods that may pose a threat to the peace, security, health, environment, or good order of Iraq, including Controlled Items. Authorized officers also shall confiscate any antiquities or cultural items suspected of being illegally exported.

4) The export or import of a Controlled Item shall require the prior written authorization of the Administrator, his designee, or the Minister of Interior. Such prior written authorization requirement shall not apply to exports of Controlled Items by the CPA or Coalition personnel. Such prior written authorization requirement shall not apply to the export of Controlled Items by Coalition contractors, who are exporting such Controlled Items pursuant to the performance of its contract with the Coalition or Multi-national force.

5) Goods that are not declared may be confiscated by an authorized officer. Persons may also be ordered to return such goods, at their expense, to the jurisdiction from which they came.

6) Any goods confiscated must be immediately handed over to the Minister of the Interior or to his or her delegate(s). A receipt must be issued to the person from whom the goods are confiscated and the person must be provided with written notice setting forth the procedures for review pursuant to Section 17, below.

Section 13
Offenses

1) Allegations of an offense shall be subject to review and action, if appropriate, by either an investigative judge of a customs court or a criminal court of Iraq, depending on the alleged offense.

2) The following shall constitute an offense under this Order:

 a) failing to appear before an authorized officer for examination as required by this Order;

 b) failing to answer truthfully all questions by an authorized officer during examination;

 c) knowingly concealing documentation as may be required by the authorized officer during examination;
 d) failing to make a declaration or manifest of all goods being carried by the person on request by an authorized officer;

 e) obstructing or interfering with a search of the person or search of the person's vehicle, luggage or personal effects pursuant to this Order;

 f) knowingly making a false representation, orally or in writing, to an authorized officer for the purposes of securing entry of a person into Iraq;

g) entering Iraq or remaining in Iraq without a permit, if one is required;

h) entering Iraq or remaining in Iraq by use of a false or improperly obtained travel document or other document pertaining to the entry of that person or by reason of any fraudulent or improper means or misrepresentation of any material fact;

i) failing to comply with a prescribed term of a permit;

j) escaping or attempting to escape from lawful custody or detention under this Order and any other relevant instructions or directives

k) organizing or facilitating the entry or proposed entry into Iraq of a person, knowing the person would, upon entering Iraq, be guilty of an offense under this Section; and

l) seeking to export or import, or exporting or importing Controlled Items without prior authorization issued pursuant to Section 12(4) of this Order.

Section 14
Penalties

A person who commits an offense described in this Order is liable to have any goods in his or her possession confiscated and may be deported from Iraq. The person may also be liable to a penalty prescribed in an applicable Iraqi law, CPA Order, Regulation or Memorandum, or other subordinate directive.

Section 15
Liability for Removal Costs

1) A transportation company shall ensure that:

a) the persons it conveys to Iraq are in possession of all travel documents required by applicable law,
b) it presents each person to an authorized officer for examination at such place as may be designated by an authorized officer upon arrival of each one of its vehicles in Iraq, and

c) no other person leaves the vehicle i) at any place other than that designated by an authorized officer, or ii) until permission has been granted by an authorized officer.

2) Where a person has been allowed or required to leave Iraq pursuant to this Order, a transportation company that has conveyed the person to Iraq may be required by an authorized officer to cause that person to be conveyed to the country from which that person came, or to such other country as the authorized officer may approve at the request of the company.

3) Where a person has been required to leave Iraq because at the time of the arrival in Iraq the person was not in possession of a valid travel document required by applicable law, a transportation company that has conveyed the person to Iraq shall be liable to pay all costs of conveying that person to the country from which that person came, or to such other country as an authorized officer may approve at the request of the company.

4) Where a person has been granted entry to Iraq, or where that person, at the time of arrival in Iraq, was in possession of a valid travel document, and where that person is required to leave Iraq pursuant to the present Order, a transportation company that has conveyed the person to Iraq and that is required to cause that person to be conveyed from Iraq is entitled to be reimbursed by the Ministry of the Interior for the costs of conveying that person from Iraq. However a transportation company shall not be reimbursed for the costs of conveying from Iraq a person who enters Iraq as, or to become, a member of a crew.

5) Where a person enters Iraq as, or to become, a member of a crew of a vehicle and ceases to be a visitor, the transportation company that operates that vehicle may be required to cause that person to be conveyed to the country from which that person came, or to such other country as the Ministry of the Interior may approve at the request of the company. The transportation company shall be liable to pay all costs of conveying that person from Iraq.

Section 16
Other Offenses

1) Where an authorized officer has reasonable grounds to believe that a person who seeks entry into or exit from Iraq, or who seeks to remain in Iraq, is liable for an offense committed under applicable law in Iraq, other than an offense prescribed in this Order, the authorized officer shall report the matter immediately to law enforcement or other appropriate authorities .

2) Where the circumstances of the case require, an authorized officer may arrest a person suspected of having committed an offense other than an offense prescribed in this Order. The arrest must be immediately reported to the Interim Minister of the Interior, and the arrested person must, as soon as possible but no later than six

hours after the arrest, be delivered into the custody of law enforcement or other appropriate authorities.

Section 17
Review

1) A person who is adversely affected by a decision of an authorized officer made pursuant this Order may apply in writing to the Minister of Interior or in person at the Ministry of Interior offices at border points of entry for a review of the decision by the Minister of Interior for decisions made in respect of applications for travel permits lodged within Iraq, or in writing to the Ministry of Foreign Affairs for review of any adverse decisions made in respect of applications for travel permits lodged outside of Iraq. Within seven (7) days of receipt of the application, the Minister of Interior or the Minister of Foreign Affairs, as appropriate, shall review the decision and notify the applicant of the determination in writing at the last provided address of the applicant.

2) A person whose goods have been confiscated may apply in writing, with a copy of the confiscation receipt attached, to the Minister of Interior for a review of the decision. Within seven days of receipt of the application, the Minister of Interior shall review the decision and notify the applicant of the determination in writing at the last provided address of the applicant.

3) The Minister of Interior and Minister of Foreign Affairs may issue Administrative Instructions in connection with such reviews.

Section 18
Collection of Fees

The Ministry of Interior, in coordination with the Ministry of Foreign Affairs, may establish fees for services provided under this Order. Under procedures established by the Ministry of Finance, the Ministries of Foreign Affairs and Interior may retain part or all of the fees to be utilized for the modernization of Iraq's border control system.

Section 19
Entry into Force

This Order shall enter into force on the date of signature.

6/13/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 17 (REVISED)

STATUS OF THE COALITION PROVISIONAL AUTHORITY, MNF - IRAQ, CERTAIN MISSIONS AND PERSONNEL IN IRAQ

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 (2003), 1511 (2003) and 1546 (2004),

Noting the adoption of a process and a timetable for the drafting of an Iraqi constitution by elected representatives of the Iraqi people in the Law of Administration for the State of Iraq for the Transitional Period (TAL) on March 8, 2004,

Conscious that states are contributing personnel, equipment and other resources, both directly and by contract, to the Multinational Force (MNF) and to the reconstruction effort in order to contribute to the security and stability that will enable the relief, recovery and development of Iraq, as well as the completion of the political process set out in the TAL,

Noting that many Foreign Liaison Missions have been established in Iraq that after June 30, 2004 will become Diplomatic and Consular Missions, as defined in the Vienna Conventions on Diplomatic and Consular Relations of 1961 and 1963,

Recalling that there are fundamental arrangements that have customarily been adopted to govern the deployment of Multinational Forces in host nations,

Conscious of the need to clarify the status of the CPA, the MNF, Foreign Liaison, Diplomatic and Consular Missions and their Personnel, certain International Consultants, and certain contractors in respect of the Government and the local courts,

Recognizing the need to provide for the circumstances that will pertain following June 30, 2004, and noting the consultations with the incoming Iraqi Interim Government in this regard and on this order,

I hereby promulgate the following:

Section 1
Definitions

1) "Multinational Force" (MNF) means the force authorized under U.N. Security Council Resolutions 1511 and 1546, and any subsequent relevant U.N. Security Council resolutions.

2) "MNF Personnel" means all non-Iraqi military and civilian personnel (a) assigned to or under the command of the Force Commander or MNF contingent commanders, (b)

subject to other command authority to aid, protect, complement or sustain the Force Commander, or (c) employed by a Sending State in support of or accompanying the MNF.

3) "Force Commander" means the Commander appointed to exercise unified command of the MNF, or his or her designee.

4) "CPA Personnel" means all non-Iraqi civilian and military personnel assigned to, or under the direction or control of, the Administrator of the CPA.

5) "Sending State" means a State providing personnel, International Consultants, services, equipment, provisions, supplies, material, other goods or construction work to: (a) the CPA, (b) the MNF, (c) international humanitarian or reconstruction efforts, (d) Diplomatic or Consular Missions, or (e) until July 1, 2004, Foreign Liaison Missions.

6) "Foreign Liaison Missions" means representative missions operated by States until July 1, 2004.

7) "Foreign Liaison Mission Personnel" means those individuals who are authorized by the Iraqi Ministry of Foreign Affairs to carry Foreign Liaison Mission personnel identification cards until July 1, 2004.

8) "Diplomatic and Consular Missions" means those missions belonging to States with diplomatic or consular relations with Iraq that are in operation on or after June 30, 2004.

9) "Premises of the Missions" means all premises, including the buildings or parts of buildings and the land ancillary thereto, irrespective of ownership, used for the purposes of Diplomatic and Consular Missions, including residences of the heads of missions on or after June 30, 2004.

10) "Iraqi legal process" means any arrest, detention or legal proceedings in Iraqi courts or other Iraqi bodies, whether criminal, civil, or administrative.

11) "Contractors" means non-Iraqi legal entities or individuals not normally resident in Iraq, including their non-Iraqi employees and Subcontractors not normally resident in Iraq, supplying goods or services in Iraq under a Contract.

12) "Contract" means:

a) a contract or grant agreement with the CPA or any successor agreement thereto, or a contract or grant agreement with a Sending State, to supply goods or services in Iraq, where that supply is:

i) to or on behalf of the MNF;
ii) for humanitarian aid, reconstruction or development projects approved and organized by the CPA or a Sending State;
iii) for the construction, reconstruction or operation of Diplomatic and Consular Missions; or
iv) until July 1, 2004, to or on behalf of Foreign Liaison Missions; or

b) a contract for security services provided by Private Security Companies to Foreign Liaison Missions and their Personnel, Diplomatic and Consular Missions and their personnel, the MNF and its Personnel, International Consultants, or Contractors.

13) "Subcontractors" means non-Iraqi legal entities or individuals not normally resident in Iraq, including their non-Iraqi employees, performing under contract with a Contractor to supply goods or services in Iraq in furtherance of the Contractor's Contract.

14) "Private Security Companies" means non-Iraqi legal entities or individuals not normally resident in Iraq, including their non-Iraqi employees and Subcontractors not normally resident in Iraq, that provide security services to Foreign Liaison Missions and their Personnel, Diplomatic and Consular Missions and their personnel, the MNF and its Personnel, International Consultants and other Contractors.

15) "Vehicles" means civilian and military vehicles operated by or in support of MNF, the CPA, Foreign Liaison Missions, International Consultants and, in the course of their official and contractual activities, Contractors.

16) "Vessels" means civilian and military vessels operated by or in support of the MNF, the CPA, Foreign Liaison Missions, International Consultants and, in the course of their official and contractual activities, Contractors.

17) "Aircraft" means civilian and military aircraft operated by or in support of the MNF, the CPA, Foreign Liaison Missions, International Consultants and, in the course of their official and contractual activities, Contractors.

18) "The Government" means the Iraqi Interim Government from June 30, 2004, the Iraqi Transitional Government upon its formation, and any successor government for the duration of this Order, including instrumentalities, commissions, judicial, investigative or administrative authorities, and regional, provincial and local bodies.

19) "International Consultants" means all non-Iraqi personnel who are not CPA personnel and, after June 30, 2004, are not accredited to a Diplomatic or Consular Mission, but are provided by Sending States as consultants to the Government and are officially accepted by the Government.

Section 2
Iraqi Legal Process

1) Unless provided otherwise herein, the MNF, the CPA, Foreign Liaison Missions, their Personnel, property, funds and assets, and all International Consultants shall be immune from Iraqi legal process.

2) All MNF, CPA and Foreign Liaison Mission Personnel and International Consultants shall respect the Iraqi laws relevant to those Personnel and Consultants in Iraq including the Regulations, Orders, Memoranda and Public Notices issued by the Administrator of the CPA.

3) All MNF, CPA and Foreign Liaison Mission Personnel, and International Consultants shall be subject to the exclusive jurisdiction of their Sending States. They shall be immune from any form of arrest or detention other than by persons acting on behalf of their Sending States, except that nothing in this provision shall prohibit MNF Personnel from preventing acts of serious misconduct by the above-mentioned Personnel or Consultants, or otherwise temporarily detaining any such Personnel or Consultants who pose a risk of injury to themselves or others, pending expeditious turnover to the appropriate authorities of the Sending State. In all such circumstances, the appropriate senior representative of the detained person's Sending State in Iraq shall be notified immediately.

4) The Sending States of MNF Personnel shall have the right to exercise within Iraq any criminal and disciplinary jurisdiction conferred on them by the law of that Sending State over all persons subject to the military law of that Sending State.

5) The immunities set forth in this Section for Foreign Liaison Missions, their Personnel, property, funds and assets shall operate only with respect to acts or omissions by them during the period of authority of the CPA ending on June 30, 2004.

Section 3
Diplomatic and Consular Missions

All Premises of Diplomatic and Consular Missions will be utilized by Diplomatic and Consular Missions without hindrance and subject to the requirements of and receiving the protections provided for in the Vienna Convention on Diplomatic Relations of 1961 and the Vienna Convention on Consular Relations of 1963. This Order does not prevent the Government and any State from entering into other bilateral arrangements for existing or new premises.

Section 4
Contractors

1) Sending States may contract for any services, equipment, provisions, supplies, material, other goods, or construction work to be furnished or undertaken in Iraq without restriction as to choice of supplier or Contractor. Such contracts may be awarded in accordance with the Sending State's laws and regulations.

2) Contractors shall not be subject to Iraqi laws or regulations in matters relating to the terms and conditions of their Contracts, including licensing and registering employees, businesses and corporations; provided, however, that Contractors shall comply with such applicable licensing and registration laws and regulations if engaging in business or transactions in Iraq other than Contracts. Notwithstanding any provisions in this Order, Private Security Companies and their employees operating in Iraq must comply with all CPA Orders, Regulations, Memoranda, and any implementing instructions or regulations governing the existence and activities of Private Security Companies in Iraq, including registration and licensing of weapons and firearms.

3) Contractors shall be immune from Iraqi legal process with respect to acts performed by them pursuant to the terms and conditions of a Contract or any sub-contract thereto. Nothing in this provision shall prohibit MNF Personnel from preventing acts of serious misconduct by Contractors, or otherwise temporarily detaining any Contractors who pose a risk of injury to themselves or others, pending expeditious turnover to the appropriate authorities of the Sending State. In all such circumstances, the appropriate senior representative of the Contractor's Sending State in Iraq shall be notified.

4) Except as provided in this Order, all Contractors shall respect relevant Iraqi laws, including the Regulations, Orders, Memoranda and Public Notices issued by the Administrator of the CPA.

5) Certification by the Sending State that its Contractor acted pursuant to the terms and conditions of the Contract shall, in any Iraqi legal process, be conclusive evidence of the facts so certified.

6) With respect to a contract or grant agreement with or on behalf of the CPA and with respect to any successor agreement or agreements thereto, the Sending State shall be the state of nationality of the individual or entity concerned, notwithstanding Section 1(5) of this Order.

7) These provisions are without prejudice to the exercise of jurisdiction by the Sending State and the State of nationality of a Contractor in accordance with applicable laws.

Section 5
Waiver of Legal Immunity and Jurisdiction

1) Immunity from Iraqi legal process of MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors is not for the benefit of the individuals concerned and may be waived pursuant to this Section.

2) Requests to waive immunity for MNF, CPA and Foreign Liaison Mission Personnel and International Consultants shall be referred to the respective Sending State. Such a waiver, if granted, must be express and in writing to be effective.

3) Requests to waive immunity for Contractors shall be referred to the relevant Sending State in relation to the act or acts for which waiver is sought. Such a waiver, if granted, must be express and in writing to be effective.

Section 6
Communications

1) The MNF shall engage in radiocommunications in accordance with the Annex hereto and is authorized, in coordination with the Government, to use such facilities as may be required for the performance of its tasks. Issues with respect to communications shall be resolved pursuant to this Order and the Annex hereto.

2) Subject to the provisions of paragraph (1) above:

 a) The MNF, Diplomatic and Consular Missions and Contractors may, in consultation with the Government, install and operate radiocommunication stations (including terrestrial radio and television broadcasting stations and satellite stations) to disseminate information relating to their mandates. The MNF, Diplomatic and Consular Missions and Contractors also may install and operate radiocommunication transmitting and receiving stations, including satellite earth stations, and install and operate other telecommunications systems including by laying cable and land lines, to provide communications, navigation, radio-positioning and other services useful in fulfilling their respective mandates. The MNF, Diplomatic and Consular Missions and Contractors shall also have the right to exchange telephone, voice, facsimile and other electronic data with relevant global telecommunications networks. The MNF, Diplomatic and Consular Missions and Contractors may continue to operate after June 30, 2004 existing radiocommunication transmitting and receiving stations, including broadcasting stations and other telecommunications systems operated by them or their predecessors on or prior to June 30, 2004, in accordance with existing authorizations and assignments of radio frequency spectrum. Subject to the Annex

hereto, the radio broadcasting stations, radio transmitting and receiving stations, and telecommunications systems operated pursuant to this Section by the MNF, Diplomatic and Consular Missions and Contractors shall be operated in accordance with the International Telecommunication Union Constitution, Convention and Radio Regulations, where applicable. The frequencies on which any new radiocommunication transmitting and receiving stations, including broadcasting stations, may be operated shall be decided upon in coordination with the Government to the extent required under and in accordance with the Annex hereto. Such use of the radio-frequency spectrum shall be free of charge for MNF and Diplomatic and Consular Missions.

b) The MNF, Diplomatic and Consular Missions and Contractors may connect with local telephone, facsimile and other electronic data systems. Existing connections to such local systems (made by them or their predecessor entities) shall remain in place following June 30, 2004. The MNF, Diplomatic and Consular Missions and Contractors may make new connections to such local systems after consultation and in accordance with arrangements with the Government. The use of such existing and new systems shall be charged at the most competitive rate to the MNF, Diplomatic and Consular Missions and Contractors.

3) The MNF may arrange through its own facilities for the processing and transport of private mail to or from MNF Personnel. The Government shall be informed of the nature of such arrangements and shall not interfere with or censor the mail of the MNF, or MNF Personnel.

4) The Code of Wireless Communications, Code No. 159 of 1980, to the extent not already superseded, is hereby repealed.

Section 7
Travel and Transport

1) All MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors, to the extent necessary to perform their Contracts, shall enjoy, together with vehicles, vessels, aircraft and equipment, freedom of movement without delay throughout Iraq. That freedom shall, to the extent practicable with respect to large movements of personnel, stores, vehicles or aircraft through airports or on railways or roads used for general traffic within Iraq, be coordinated with the Government. The Government shall supply the MNF with, where available, maps and other information concerning the locations of mine fields and other dangers and impediments.

2) Vehicles, vessels and aircraft shall not be subject to registration, licensing or inspection by the Government, provided that Contractors' vehicles, vessels and aircraft shall carry appropriate third-party insurance.

3) All MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors, to the extent necessary to perform their Contracts, together with their

vehicles, vessels and aircraft, may use roads, bridges, canals and other waters, port facilities, airfields and airspace without the payment of dues, tolls or charges, including landing and parking fees, port, wharfage, pilotage, navigation and overflight charges, overland transit fees, and similar charges. Exemption will not be claimed from charges for services requested and rendered, and such charges shall be at rates most favourable to CPA, MNF and Foreign Liaison Mission Personnel, and International Consultants and Contractors.

4) The Force Commander shall coordinate with the appropriate institutions of the Government regarding the rules and procedures governing Iraqi civil airspace and will manage the air traffic system for all military and civilian air traffic. The Force Commander will control airspace required for military operations within Iraq for the purpose of deconflicting military and civil uses. The Force Commander shall implement the transfer to civilian control of the airspace over Iraq to the appropriate institutions of the Government in a manner consistent with ensuring the safe and efficient operation of an air traffic management system, with security requirements, and Iraqi national capability to resume control over Iraqi national airspace no later than the MNF departure from Iraq.

Section 8
Customs and Excise

1) The MNF may establish, maintain and operate commissaries, exchanges and morale and welfare facilities at its headquarters, camps and posts for the benefit of MNF Personnel, and, at the discretion of the Force Commander, other non-Iraqi persons who are the subject of this Order, but not of locally recruited personnel. Such commissaries, exchanges and morale and welfare facilities may provide consumable goods and other articles. The Force Commander shall take all reasonable measures to prevent abuse of such commissaries, exchanges and morale and welfare facilities and the sale or resale of such goods to persons other than MNF Personnel. The Force Commander shall give consideration to requests of the Government concerning the operation of the commissaries, exchanges and morale and welfare facilities.

2) MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors may:

 a) Import, free of duty or other restrictions, and clear without inspection, license, authorization, other restrictions, taxes, customs duties, or any other charges, equipment, provisions, supplies, fuel, technology, and other goods and services, including controlled substances, which are for their exclusive and official or contractual use and for the MNF for resale in the commissaries, exchanges and morale and welfare facilities provided for above;

 b) Re-export unconsumed provisions, supplies, fuel, technology, and other goods and equipment, including controlled substances, without inspection, license, authorization, other restrictions, taxes, customs duties or any other charges, or

otherwise dispose of such items on terms and conditions to be agreed upon with competent Government authorities.

3) An efficient procedure, including documentation, will be coordinated with the Government to expedite importation, clearances, transfer or exportation.

4) MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors shall be subject to the laws and regulations of Iraq governing customs and foreign exchange with respect to personal property not required by them by reason of their official duties and presence in Iraq. A Sending State's certification that property of MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors is required by them by reason of their official duties shall be conclusive evidence of the facts so certified.

5) Special facilities will be granted by the Government for the speedy processing of entry and exit formalities for MNF Personnel, including the civilian component, upon prior written notification from the Force Commander.

Section 9
Facilities for the MNF

1) The MNF may use without cost such areas for headquarters, camps or other premises as may be necessary for the conduct of the operational and administrative activities of the MNF. All premises currently used by the MNF shall continue to be used by it without hindrance for the duration of this Order, unless other mutually agreed arrangements are entered into between the MNF and the Government. While any areas on which such headquarters, camps or other premises are located remain Iraqi territory, they shall be inviolable and subject to the exclusive control and authority of the MNF, including with respect to entry and exit of all personnel. The MNF shall be guaranteed unimpeded access to such MNF premises. Where MNF Personnel are co-located with military personnel of Iraq, permanent, direct and immediate access for the MNF to those premises shall be guaranteed.

2) The MNF may use water, electricity and other public utilities and facilities free of charge, or, where this is not practicable, at the most favorable rate, and in the case of interruption or threatened interruption of service, the MNF shall have, as far as possible, the same priority as essential government services. Where such utilities or facilities are not provided free of charge, payment shall be made by the MNF on terms and conditions to be agreed with the competent Government authority. The MNF shall be responsible for the maintenance and upkeep of facilities so provided.

3) The MNF may generate, within its premises, electricity for its use and may transmit and distribute such electricity.

4) There shall be an area within central Baghdad that shall be designated as the "International Zone." The International Zone shall have the boundaries that the MNF has established for this purpose. The MNF shall retain control of the perimeter of the International Zone and all rights of entry and exit, and all matters of security within the International Zone shall be subject to the control of the MNF. The activities and assignment of Iraqi security personnel within the International Zone shall be as mutually agreed upon between the MNF and the Government. Iraqi citizens living within the International Zone will remain subject to Iraqi law. Services, utilities and maintenance not otherwise performed or undertaken by the MNF within the International Zone shall be provided to the MNF by the Government free of charge or at the most favorable rate as agreed between the Force Commander and the Government.

Section 10
Taxation, Provisions, Supplies, Services and Sanitary Arrangements

1) The MNF, Sending States and Contractors shall be exempt from general sales taxes, Value Added Tax (VAT), and any similar taxes in respect of all local purchases for official use or for the performance of Contracts in Iraq. With respect to equipment, provisions, supplies, fuel, materials and other goods and services obtained locally by the MNF, Sending States or Contractors for the official and exclusive use of the MNF or Sending States or for the performance of Contracts in Iraq, appropriate administrative arrangements shall be made for the remission or return of any excise or tax paid as part of the price. In making purchases on the local market, the MNF, Sending States and Contractors shall, on the basis of observations made and information provided by the Government in that respect, avoid any adverse effect on the local economy.

2) Contractors shall be accorded exemption from taxes in Iraq on earnings from Contracts, including corporate, income, social security and other similar taxes arising directly from the performance of Contracts. MNF Personnel, CPA Personnel, Foreign Liaison Mission Personnel and International Consultants shall be accorded exemption from taxes in Iraq on earnings received by them in their capacity as such Personnel and Consultants.

3) The MNF and the Government shall cooperate with respect to sanitary services and shall extend to each other the fullest cooperation in matters concerning health, particularly with respect to the control of communicable diseases, consistent with relevant international law.

Section 11
Recruitment of Local Personnel

The MNF, Sending States and Contractors may recruit, hire and employ locally such personnel as they require. The terms and conditions of recruitment, hiring and

employment by the MNF, Sending States and Contractors shall be determined by respectively the MNF, Sending States and the terms of the Contractor's Contract.

Section 12
Currency

The MNF shall be permitted to purchase from the Government in mutually acceptable currency, local currency required for the use of the MNF, including to pay MNF Personnel, at the rate of exchange most favorable to the MNF.

Section 13
Entry, Residence and Departure

1) MNF, CPA and Foreign Liaison Mission Personnel, and International Consultants shall have the right to enter into, remain in, and depart from Iraq.

2) The speedy entry into and departure from Iraq of MNF, CPA and Foreign Liaison Mission Personnel, Contractors and International Consultants shall be facilitated to the maximum extent practicable. For that purpose, MNF, CPA and Foreign Liaison Mission Personnel, and International Consultants shall be exempt from passport and visa regulations and immigration inspection and restrictions as well as payment of any fees or charges on entering into or departing from Iraq. They shall also be exempt from any regulations governing the residence of aliens in Iraq, including registration, but shall not be considered as acquiring any right to permanent residence or domicile in Iraq.

3) For the purpose of such entry or departure, MNF Personnel shall only be required to have: (a) an individual or collective movement order issued by or under the authority of the Force Commander or any appropriate authority of a Sending State providing personnel to the MNF; and (b) a national passport or personal identity card issued by the appropriate authorities of a Sending State providing personnel to the MNF.

4) For the proper performance of Contracts, Contractors shall be provided with facilities concerning their entry into and departure from Iraq as well as their repatriation in time of crisis. For this purpose, there shall promptly be issued to Contractors, free of charge and without any restrictions, all necessary visas, licenses or permits.

Section 14
Uniforms and Arms

While performing official duties, MNF Military Personnel shall wear the national military uniform of their respective Sending States unless otherwise authorized by the Force Commander for operational reasons. The wearing of civilian dress by MNF

Military Personnel may be authorized by the Force Commander at other times. MNF Personnel and Private Security Companies may possess and carry arms while on official duty in accordance with their orders or under the terms and conditions of their Contracts. As authorized by the ambassador or the chargé d'affaires of a Sending State, Diplomatic and Consular personnel may possess and carry arms while on official duty.

Section 15
Identification

Upon request by the Government, a Sending State shall confirm that an individual falls into one of the categories covered by this Order.

Section 16
Permits and licenses

1) A permit or license issued by the MNF, the CPA, Foreign Liaison Missions or Sending States for the operation by their Personnel, including non-Iraqi locally recruited personnel, of any vehicles and for the practice of any profession or occupation in connection with their functions, shall be accepted as valid, without tax or fee, provided that no permit to drive a vehicle shall be issued to any person who is not already in possession of an appropriate and valid license issued by the appropriate authorities of the Sending State.

2) Licenses and certificates already issued by appropriate authorities in other States in respect of aircraft and vessels, including those operated by Contractors exclusively by or for the MNF, the CPA and Foreign Liaison, Diplomatic and Consular Missions shall be accepted as valid.

Section 17
Deceased members

The Force Commander and Sending States may take charge of and transfer out of Iraq or otherwise dispose of the remains of any MNF, CPA and Foreign Liaison Mission Personnel, International Consultants and Contractors who die in Iraq, as well as their personal property located within Iraq.

Section 18
Claims

Except where immunity has been waived in accordance with Section 5 of this Order, third-party claims including those for property loss or damage and for personal injury, illness or death or in respect of any other matter arising from or attributed to acts or omissions of CPA, MNF and Foreign Liaison Mission Personnel, International Consultants, and Contractors or any persons employed by them for activities relating

to performance of their Contracts, whether normally resident in Iraq or not and that do not arise in connection with military operations, shall be submitted and dealt with by the Sending State whose personnel (including the Contractors engaged by that State), property, activities or other assets are alleged to have caused the claimed damage, in a manner consistent with the Sending State's laws, regulations and procedures.

Section 19
Supplemental Arrangements

The Force Commander and the Government may conclude supplemental arrangements or Protocols to this Order and shall ensure close and reciprocal liaison at every appropriate level.

Section 20
Effective Period

This Order shall enter into force on the date of signature. It shall remain in force for the duration of the mandate authorizing the MNF under U.N. Security Council Resolutions 1511 and 1546 and any subsequent relevant resolutions and shall not terminate until the departure of the final element of the MNF from Iraq, unless rescinded or amended by legislation duly enacted and having the force of law.

6/27/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX

ARRANGEMENTS CONCERNING
USE OF THE RADIO FREQUENCY SPECTRUM

ARTICLE I: GENERAL PRINCIPLES

1) The Government, including the Iraqi Communications and Media Commission and any successor or other entity with authority relating to radio frequency spectrum in Iraq (collectively referred to as the "Commission"), shall render all decisions planning, managing, allocating and assigning radio frequency spectrum in a manner that recognizes and safeguards the radio frequency spectrum needs of the MNF.

2) Consistent with Sections 5(2)(i) and 5(2)(m) of CPA Order No. 65, the Government, through the Commission, will coordinate with the Force Commander regarding any pending or proposed action or regulatory decision that may affect MNF's use of radio frequency spectrum, in order to ensure that no such actions or decisions will interfere with military requirements necessary in the interest of the national security of Iraq.

3) Nothing contained in this Annex shall be interpreted to abridge or deny the ability of the MNF to utilize existing and future frequency assignments to operate communications, navigation and other military facilities and networks required to facilitate internal operations and to safeguard the security and reconstruction of Iraq.

ARTICLE II: TABLE OF ALLOCATIONS

1) The initial Table of Allocations, which designates bands as Civil, Military or Shared, is attached hereto as Appendix 1. Neither the Government nor the Force Commander may change the Table of Allocations except in accordance with the provisions set forth in this Annex.

2) No changes to the Table of Allocations that reallocate, reassign or otherwise affect the bands designated as Military, the MNF's use thereof, or the MNF's use of frequencies assigned to it in the bands designated as Civil or Shared Uses shall be effective unless agreed to by the Force Commander.

3) Subject to paragraph 2) of this Article II, the Commission may reallocate radio frequency spectrum and/or revise the Table of Allocations in the bands designated as Civil or Shared by providing thirty days' prior written notice to the Force Commander of such reallocation and/or revision.

ARTICLE III: ASSIGNMENT OF RADIO FREQUENCIES

1) The Commission controls the assignment of frequencies in the bands designated as Civil or Shared Uses and serves as the approval authority for frequency assignments in these bands, and shall render its decisions in accordance with these regulations. Except as set forth in this Annex, no person may operate radio transmitting equipment in the bands designated as Civil or Shared without the authorization of the Commission.

2) The Force Commander controls assignment of frequencies in the bands designated as Military and serves as approval authority for these bands. Decisions by the Force Commander regarding assignments in the bands designated as Military are committed to his complete discretion and are not subject to review by the Government. No person may operate radio transmitting equipment in the bands designated as Military without the authorization of the Force Commander.

3) In addition to the use of any bands designated as Military Uses that have been authorized by the Force Commander, the Force Commander shall have the right to retain and request frequency assignments from the Commission whenever necessary, in the bands designated as Civil or Shared. Requests by the Force Commander for frequency assignments in the bands designated as Civil or Shared Uses shall be addressed and coordinated with the Commission in the following manner:

 a. Following June 30, 2004, the military and civil defense forces (including the MNF) will retain the frequency assignments in the bands designated as Civil or Shared that were held immediately prior to that date, including those assignments held by the MNF, which shall retain the assignments previously held by Coalition Forces, and may transfer those assignments to any successor entity for the protection of Iraq's national security.

 b. The Force Commander may submit written requests to the Commission for additional frequency assignments in the bands designated as Civil or Shared Uses. Upon receipt of a written request for frequency assignment(s) from the Force Commander, the Commission will render its written decision to grant or deny such request(s) in a manner that will not interfere with military requirements necessary in the interest of security;

 c. The Commission shall respond in writing to requests for frequency assignments from the Force Commander within thirty days of receipt of such requests to either grant the requested authorization or provide a written explanation of its denial of the request;

 d. If the MNF is not employing a frequency that is assigned to it in a band designated as Civil or Shared, the Commission may request that the unused assignment be returned for reassignment or reallocation, and such request shall

be honored by the Force Commander, unless the Force Commander provides a written statement explaining that the MNF must continue to hold the assignment because of a security interest, such as civil defense or public safety. Such statement, if made by the Force Commander, shall be conclusive.

e. The MNF shall be exempt from any and all requirements to pay recurring or nonrecurring fees for use of radio frequency spectrum, or for requesting and obtaining existing or future frequency assignments, including any administrative, processing or other fees.

f. Requests for frequency assignments by the Force Commander shall be submitted to the Commission in a format agreed to between the Force Commander and the Commission.

g. The Commission will not release any information regarding the MNF's use of radio frequency spectrum to any person (including other Government agencies) without the explicit prior written consent of the Force Commander.

4) The Commission shall protect frequency assignments held by the MNF, Diplomatic and Consular Missions and Contractors from interference.

ARTICLE IV
CHANGES TO THIS ANNEX

1) The terms of this Annex may be changed only upon the written agreement of the Commission and the Force Commander.

2) The Commission and the Force Commander may agree on more detailed procedures, in writing, to carry out the intent of this Annex.

3) The Commission and the Force Commander may each delegate their responsibilities under this Annex to appropriate representatives.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 18

MEASURES TO ENSURE THE INDEPENDENCE OF THE CENTRAL BANK OF IRAQ

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting the Central Bank of Iraq Law sets forth requirements for the involvement of the Ministry of Finance in setting monetary and credit policy,

Noting that the Central Bank of Iraq Law authorizes loans to government Ministries which undermines the ability of the Central Bank of Iraq (CBI) to control monetary growth,

Understanding that CBI' s credit and monetary policy must be free from political or other governmental interference,

Determined to prevent the impoverishment of the Iraqi people and the breakdown of order by taking measures for the prevention of extreme inflation,

I hereby promulgate the following:

Section 1
Loans to Government Ministries

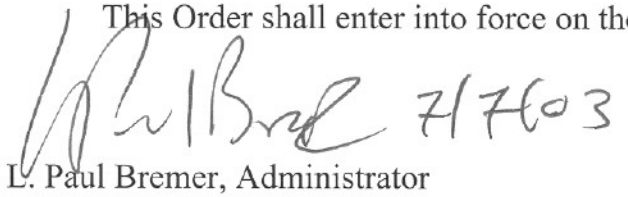
Articles 21 and 22 of the Central Bank of Iraq Law No. 64 of 1976 are hereby suspended to the extent that they authorize the CBI to loan funds to Iraqi Government Ministries.

Section 2
Central Bank Control of Monetary and Credit Policy

The CBI shall have the authority to determine and implement monetary and credit policy without the approval of the Ministry of Finance. The provisions of Article 14 of the Central Bank Law are suspended to the extent that they require Ministry of Finance approval of monetary and credit policy. Only members of the CBI Board who are CBI employees serving with the approval of the Administrator may decide matters determining or implementing monetary and credit policy.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 19

FREEDOM OF ASSEMBLY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war and relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting the obligation of the CPA to restore and maintain order and the right of the CPA to take measures for its security and public order,

Concerned by the exploitation of demonstrations by persons intent on inciting violence against the Iraqi people, the CPA and Coalition Forces,

Noting that the provisions of the Third Edition of the 1969 Iraqi Penal Code, Part Two, Chapter Two, at paragraphs 220 to 222 unreasonably restrict the right to freedom of expression and the right of peaceful assembly.

Determined to remove the unacceptable restrictions on human rights of the former Iraqi Ba`ath Party regime, and to promote the freedom of the Iraqi people to demonstrate in a peaceful and orderly manner,

I hereby promulgate the following:

Section 1
Purpose

1) The prohibition on freedom of assembly contained in the Iraqi Penal Code is inconsistent with Iraq's human rights obligations and was an instrument of repression under the former Iraqi Ba`ath Party regime. It is the intention of the CPA to remove such prohibitions and advance towards normalization and the establishment of civil society as public security improves.

2) This Order is necessary to protect public health, welfare and safety. The maintenance of good order and safety in Iraq is a paramount responsibility of the CPA. The CPA is determined to prevent the exploitation of demonstrations by elements intent on causing death or injury.

 a) The public health, welfare and safety of the community require that the movement of vehicular traffic on roadways be lawfully conducted with a minimum of disruption.

b) The practice of unhindered or unrestrained picketing or demonstrating on such roadways may cause disruption of police, emergency and relief services, and injury to participants and bystanders.
c) The practice of multiple demonstrations on the same day in different locations in municipalities may unreasonably deprive the citizens of police, emergency and relief services.

Section 2
Suspension of Laws

The provisions of the Third Edition of the 1969 Iraqi Penal Code, Part Two, Chapter Two, at paragraphs 220 to 222 which unreasonably restrict the right to freedom of expression and the right of peaceful assembly are hereby suspended.

Section 3
Unlawful Demonstration

1) It is unlawful for any person, group or organization to conduct or participate in any march, assembly, meeting or gathering on roadways, public thoroughfares or public places in more than one specific area of or location in, any municipality on any given day, unless acting under authority of the Coalition Force Commander or a Divisional or Brigade Commander (hereinafter "Approving Authorities").

2) It is unlawful for any group or organization or any individual acting with such group or organization, to conduct or participate in any march, assembly, meeting or gathering on roadways unless limited to such numbers as, upon the determination of an Approving Authority, will not unreasonably obstruct pedestrian or vehicular traffic. The Approving Authority shall, within 12 hours of receiving a notice of assembly under this Order, inform the group or organization as to the maximum number of authorized participants.

3) It is unlawful for any march, assembly, meeting or gathering held on roadways, public thoroughfares or public places, to continue for longer than four hours, or to be held within 500 meters of any CPA or Coalition Force facility.

Section 4
Notice of Assemblage in Writing

It is unlawful for any group or organization to conduct or participate in any march, assembly, meeting or gathering on roadways, public thoroughfares or public places unless an Approving Authority has been given notice in writing of the location, the maximum number of persons participating, and the names and addresses of the organizers of any such march, assembly, meeting or gathering, its

route, and its time of inception and duration at least 24 hours before such inception.

Section 5
Scheduling of Assembly

It is unlawful for any group, organization, or individual to conduct or participate in any march, assembly, meeting or gathering on roadways or public thoroughfares during peak traffic periods unless authorized by an Approving Authority for the area in which the march, assembly, meeting or gathering is to be held. Peak traffic periods, unless otherwise set by municipal or CPA authority, are for the purposes of this Order declared to be 0730 hours to 0900 hours, and from 1630 hours to 1800 hours in the afternoon, Saturday through Thursday except for national holidays.

Section 6
Prohibited Items

1) It is prohibited to bring to, or wear at, any march, assembly, meeting or gathering any:

 a) firearm of any description;
 b) sharpened object of any kind;
 c) projectiles intended to cause injury, including rocks;
 d) poles, bats, sticks or any object that may be used as a club except for materials forming part of a sign; and
 e) helmets, masks, balaclavas or other non-traditional facial covering.

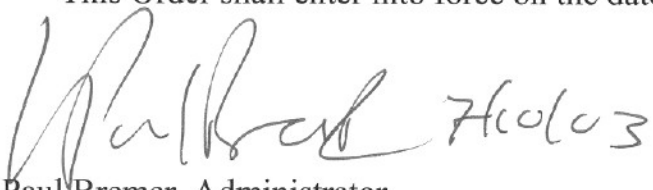
2) Any such prohibited items brought to any march, assembly, meeting or gathering are liable to be confiscated immediately.

Section 7
Penalties

Any individual violating this Order may be detained, arrested, prosecuted and, if convicted, sentenced to up to one year in prison.

Section 8
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 20

TRADE BANK OF IRAQ

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting the letter of May 8, 2003, from Permanent Representatives of the United States of America and the United Kingdom of Great Britain and Northern Ireland to the President of the United Nations Security Council (S/2003/538),

Underscoring the requirement that the Development Fund for Iraq (DFI) must be used in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, and for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq,

Reaffirming the commitment of the CPA to using effectively the resources of the DFI for the aforementioned purposes,

Noting that Iraq currently lacks financial institutions capable of facilitating imports and exports of goods and services to and from Iraq,

Noting the importance of economic trade to revitalizing the Iraqi economy, stimulating economic growth and providing employment for the Iraqi population in order to provide for sustainable development,

I hereby promulgate the following:

Section 1
Establishment

There is hereby established an institution to be known as the Trade Bank of Iraq (TBI). The TBI shall be an independent governmental entity, and is hereby authorized to perform such activities as are necessary to accomplish its purposes, consistent with the Charter of the TBI.

Section 2
Purpose

The TBI shall provide financial and related services to facilitate the importation and exportation of goods and services to and from Iraq in order to benefit the

economy of Iraq. The Administrator may promulgate additional regulations, orders, memoranda or other documentation that further define the purpose of the DFI.

Section 3
President, Charter and Board of Directors

The Administrator shall appoint a President of the TBI. The President shall be the chief executive officer of the TBI. The President, with concurrence of the CPA Director, Economic Development, shall issue a Charter for the TBI, effective upon issuance, which will specify, among other things, the functions, powers, financial structure, governance, and reporting requirements of the TBI. The Charter for the TBI shall establish a Board of Directors for the purpose of governing the activities of the TBI.

Section 4
Initial Capitalization

The authorized capital of the TBI is $100,000,000. The Administrator may provide initial paid-in capital for the TBI from the DFI, in an amount not to exceed $5,000,000. The remaining $95,000,000 will exist as callable capital only in the event the TBI is unable to meet its current obligations. The Administrator may provide any required callable capital from the DFI.

Section 5
Contractual and Other Authorizations

In general, the President, on behalf of the TBI, is authorized to hire and pay the salaries of staff, procure goods and services, and enter into contracts and engage in such other acts as may be necessary or advisable to conduct the business of the TBI. In particular, the President, on behalf of the TBI, is authorized to enter into a short-term contract with an Operating Consortium of financial institutions from various countries selected by the Administrator. Under this contract, the members of the Operating Consortium shall provide, for a limited period of time, training, operational and technical support to the TBI and such other support as the President may deem advisable and necessary**,** including but not limited to, advising, issuing and confirming letters of credit on behalf of the TBI.

Section 6
Distribution of Profits

Profits generated by the operations of the TBI will be distributed to the DFI from time to time as determined by the President in consultation with the Administrator.

Section 7
Auditing and Review of Operations

To ensure that the TBI is managed transparently and for the benefit of the Iraqi people, the President may obtain the services of an independent certified public accounting firm for the purposes of auditing and publicly reporting on the TBI's operations.

Section 8
Transition

The TBI shall take appropriate steps to deal with issues relating to its operations that are associated with the assumption of government responsibilities by an internationally recognized representative government of Iraq in accordance with Resolution 1483.

Section 9
Entry into Force

This Order shall enter into force on the date of signature.

7/17/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 21

INTERIM EXERCISE OF BAGHDAD MAYORAL AUTHORITY

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council Resolutions, including Resolution 1483 (2003),

Noting that the position of Mayor in the City of Baghdad is currently vacant,

Recognizing that numerous laws and regulations governing the management of the City of Baghdad vest powers exclusively in the mayor; and that this thwarts the efficient and effective management of city business under current conditions,

Acting on behalf of the citizens of Baghdad and the people of Iraq,

I hereby promulgate the following:

Section 1
Temporary Authority of Deputy Mayors

1) All authority granted exclusively to the Mayor of Baghdad by any law, regulation, resolution or decree, is hereby vested in the three Deputy Mayors of Baghdad.

2) This authority may not be exercised absent the concurrence of at least two of the three Deputy Mayors.

3) The Deputy Mayors may develop and issue such internal administrative procedures or municipal ordinances as are necessary to implement this temporary authority.

Section 2
Duration of Authority

The authority extended to the Deputy Mayors by this Order shall remain in effect until such time as the position of Mayor of Baghdad is properly filled, or until this Order is amended or repealed.

Section 3
Entry into Force

This order shall enter into force on the date of signature.

8/16/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 22

CREATION OF A NEW IRAQI ARMY

Pursuant to my authority as the head of the Coalition Provisional Authority (CPA), relevant UN Security Council resolutions including Resolution 1483 (2003), and the laws and usages of war,

Noting that Resolution 1483 appeals to Member States *inter alia* to assist the people of Iraq to contribute to conditions of stability and security in Iraq,

Recalling that CPA Order Number 2 on the Dissolution of Entities dissolved the Army, Air Force, Navy, Air Defense Force, and other regular military services, the Republican Guard, the Special Republican Guard, the Directorate of Military Intelligence, the Al Quds Force, the Quwat al Tawair, Saddam Fedayeen, Ba'ath Party Militia, Friends of Saddam and Saddam's Lions Cubs (Ashbal Saddam) and other entities,

Further recalling that Section 5 of CPA Order Number 2 looks forward to the creation of a New Iraqi Army as the first step in forming a national self-defense capability for a free Iraq,

Conscious of the need to start promptly to establish a military force for the national self-defense of free Iraq at the conclusion of the authority of the CPA,

Acknowledging the need to engage with Iraqi governmental institutions as they develop regarding the structure, institutions, and roles of the national armed forces of the new Iraq,

I hereby promulgate the following:

Section 1
Definitions

"Code of Military Discipline" is the Code of Military Discipline promulgated by the Administrator of the CPA under a separate CPA Order.

"Commander in the New Iraqi Army" means an Iraqi officer appointed from time to time in accordance with this Order to command positions in the New Iraqi Army or the Iraqi armed forces generally.

"Defense Areas" are defined as any land, water, or super-adjacent air space contained within the territory of Iraq, or any building or part of a building or any

other building that is reserved or set apart, used or otherwise controlled for defense purposes, by designation under section 10 of this Order.

"Extremist Organizations or Activities" are organizations or activities that advocate racial, gender or ethnic hatred or intolerance; advocate, create, or engage in illegal discrimination based on race, color, gender, religion, or regional or national origin; or use, or advocate the use of force or violence or other unlawful means for political purposes, whether internal or international,

"Heavy Weapons" are weapons firing ammunition larger than 7.62mm, machine guns, crew-served weapons, anti-tank weapons (such as rocket propelled grenades (RPGs)), anti-aircraft weapons (to include shoulder fired missiles and AA guns), indirect fire weapons (mortars and artillery pieces), armored vehicles or self-propelled weapons, high explosives and explosive devices (including mines and hand grenades),

"Member of the New Iraqi Army" or "Army" means a person serving in the New Iraqi Army from the time of attestation until the date of termination of service,

"New Iraqi Army" means the military forces of Iraq organized for the purposes set forth in this Order including all components of the national armed forces of Iraq, specifically including the ground forces recruited, trained, and organized as the first step in the process of creating a military defense force for the new Iraq. Unless the context clearly requires otherwise, all references to the "New Iraqi Army" are references to any element of the national defense forces of Iraq,

"Serious Offense" means a criminal offense under the criminal laws of Iraq or the Code of Military Discipline that authorizes, in the event of a conviction, confinement for a period in excess of three months as a punishment.

"Small Arms" includes shotguns, pistols, and rifles that fire ammunition up to and including 7.62mm.

Section 2
Existing Law

The Iraqi Military Law Code Number 13 of 1940, the Iraqi Military Procedures Code Number 44 of 1941, the Code of Legal Notification of Military Personnel Number 106 of 1960, Punishment of Military Deserters Law Number 28 of 1972, and the Penal Code of the Popular Army Number 32 of 1984 are hereby suspended.

Section 3
The Mission and Command Structure of the New Iraqi Army

1) There is hereby established the New Iraqi Army as the first step toward the creation of the national defense force of the new Iraq. The New Iraqi Army is an establishment intended to provide a capability in support of the security of Iraq during the period of the CPA's authority. The continued existence of the New Iraqi Army beyond the period of CPA's authority is subject to a decision by the future internationally recognized, representative government, established by the people of Iraq.

2) The mission of the New Iraqi Army and of the national defense forces generally is the military defense of the nation, including defense of the national territory and the military protection of the security of critical installations, facilities, infrastructure, lines of the communication and supply, and population. The tasks of the New Iraqi Army and of additional units of the national defense forces of Iraq include developing a military capability during the period of authority of the CPA in order to provide the basis for militarily effective, professional, and non-political armed forces for the military defense of the nation after the conclusion of the CPA's tenure. The New Iraqi Army shall not have, or exercise, domestic law enforcement functions, nor intervene in the domestic political affairs of the nation. Tasks of the New Iraqi Army will also include participation in domestic relief operations associated with natural or man-made disasters and humanitarian relief missions.

3) Command positions in the New Iraqi Army and in other elements of the national defense force of Iraq will be held by Iraqi officers only. Supreme command, control and administrative authority over the New Iraqi Army and of additional units of the national defense forces of Iraq and all authority formerly vested in the Ministry of Defense will reside on an interim basis with the Administrator of the CPA as the civilian Commander-in-Chief pending transfer of such authority to an internationally recognized, representative government, established by the people of Iraq. The Administrator, or a civilian member of the CPA reporting directly to the Administrator and to whom authority has been specifically delegated in writing by the Administrator for this purpose, will commission officers in the New Iraqi Army and may designate Commanders of units of the New Iraqi Army, of the Army as a whole, or of the national defense force as a whole. The Administrator, or a civilian member of the CPA reporting directly to the Administrator and to whom authority has been specifically delegated in writing, will designate the officers to command the principal units of the New Iraqi Army, as they are created. The specific assignments of subordinate officers shall be made in accordance with procedures established by Administrative Instruction.

4) Operational or tactical command of units of the New Iraqi Army operating with Coalition forces may be vested in an officer of Coalition forces of rank superior to that of the commander of such Iraqi units as shall be designated by the Administrator of the CPA or by a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing.

Section 4
Conduct

1) Members of the New Iraqi Army shall comply with the lawful orders of those superior in rank to them, according to regulations and the Code of Military Discipline.

2) Such members shall comply with the lawful orders of those persons who are not members of the Iraqi armed forces, whether military or civilian, who may be placed in operational command over them from time to time in conjunction with their duties, according to regulations and the Code of Military Discipline.

Section 5
Discipline

1) Members of the New Iraqi Army are subject to the jurisdiction of the civilian criminal courts pursuant to the Criminal Procedures Code No. 23 of 1977, as amended from time to time, for offenses under the Penal Code No. 111 of 1969, as amended from time to time, and to the jurisdiction for offenses established under a Code of Military Discipline promulgated under a separate CPA Order. The jurisdiction over offenses under the Code of Military Discipline will be as determined by the Order creating the Code of Military Discipline.

2) In circumstances where both the civil and military authorities have jurisdiction over an offense, the civil authorities will have primary jurisdiction. In all cases, jurisdiction will be exercised, and allocated, as provided for in the Code of Military Discipline Order.

Section 6
Terms and Conditions of Service

1) Administrative Instructions with regard to Terms and Conditions of Service, as may be considered necessary to give effect to the terms of this Order, may be issued by the Administrator of the CPA or by a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing.

ENLISTMENT

2) The minimum age for enlistment into the New Iraqi Army is 18 years of age.

3) Service in the New Iraqi Army will be voluntary and for a set term of enlistment which shall not be extended except in emergencies as officially declared by the Administrator.

4) Suitability for service in the New Iraqi Army will be determined on several criteria including, but not limited to:

(a) demonstrated physical ability;
(b) demonstrated minimum scholastic aptitude;
(c) the absence of evidence of human rights violations or war crimes;
(d) the absence of affiliation with the security and political control organs of the former regime;
(e) the absence of association with Extremist Organizations or other groups that use or advocate the use of violence for political purposes whether internal or international;
(f) provided, however, no qualified person will be denied the opportunity to serve on the basis of race, ethnic or regional origin, religion, creed or tribal affiliation;

5) Prior military service is not required, but persons with military experience will be eligible to join the New Iraqi Army, subject to meeting the applicable standards, including the criteria listed in paragraph 4 above. No person involved in Ba'ath Party activity within the leadership tiers described in CPA/ORD/16 May 2003/01 shall be eligible except with specific permission of the CPA.

RANK STRUCTURE

6) The New Iraqi Army will consist of commissioned officers and enlisted personnel with ranks that may include warrant officers and non-commissioned officers

7) The ranks of officers will, in ascending order, be:

تلميذ ضابط	Tilmeez Daabet	Officer Candidate
ملازم	Mulaazem	2nd Lieutenant
أول ملازم	Mulaazem Awwal	1st Lieutenant
نقيب	Naqeeb	Captain
رائد	Raaed	Major
مقدّم	Muqaddam	Lt. Colonel

عقيد	Aaaqeed	Colonel
عميد	Aameed	Brigadier General
لواء	Liwaa	Major General
فريق	Fareeq	Lt. General

8) The Administrator of the CPA, or a civilian member of the CPA reporting directly to the Administrator and to whom authority has been specifically delegated in writing by the Administrator under this Section, may, in accordance with Administrative Instructions, by instrument in writing, commission persons to be officers of the New Iraqi Army at a rank to be determined by the person conducting the commissioning. It shall be possible for personnel to be commissioned on entering the New Iraqi Army at a commissioned rank above Second Lieutenant.

9) The ranks of enlisted personnel, non-commissioned officers and warrant officers will, in ascending order, be:

جندي	Jundi	Private
أول جندي	Jundi Awwal	Private 1st Class
نائب عريف	Naeb Aareef	Corporal
عريف	Aareef	Sergeant
عريف أول	Aareef Awwal	Sergeant 1st Class
وكيل	Wakeel	Master Sergeant
وكيل أول	Wakeel Awwal	Sergeant Major
مؤهل	Muahhal	Warrant officer
مؤهل أول	Muahhal Awwal	Chief Warrant Officer

10) The appointment of enlisted personnel and warrant officers will be made by the person authorized under Administrative Instructions issued by the Administrator of the CPA, or by a civilian member of the CPA reporting directly to the Administrator and to whom authority has been specifically delegated in writing, by the Administrator for this purpose. It shall be possible for personnel entering the service to be appointed to an enlisted rank above that of Private.

11) Promotion of officers and enlisted personnel will be made pursuant to procedures to be established by the Administrator of the Coalition Provisional Authority on the basis of merit established by reference to experience, demonstrated competence in the current rank and potential for exceptional performance in the next higher rank.

PAY AND ALLOWANCES

12) Pay and allowances for members of the New Iraqi Army will be determined by an Administrative Instruction.

13) A Member of the New Iraqi Army will automatically forfeit a day's pay and allowances for each full or partial calendar day that the Member absents himself from his place of duty or unit without the permission of a superior officer authorized to grant such permission, and shall in addition be subject to appropriate disciplinary action, including the commencement of Disciplinary Proceedings under the Code of Military Discipline.

LEAVE

14) Members of the New Iraqi Army may take leave subject to the needs of the service, upon receiving permission from a duly authorized officer. The period of leave and other relevant details are to be specified by Administrative Instructions.

TERM AND TERMINATION OF SERVICE

15) Volunteers for service in the New Iraqi Army obligate themselves to an initial term of service for a period not to exceed 26 months, subject to a decision by an internationally recognized, representative government, established by the people of Iraq, to continue its existence once such government assumes the responsibilities of the CPA and to the provisions of Section 6 (16)(b) and (c) below. At the end of any term of service, a member may extend service for a further term of 24 months, subject to agreement by the appropriate authorities and the interests of the service. No period of service shall be extended without the consent of the Member, except in national emergencies as officially declared according to law. Required minimum terms of service in special situations, e.g. advanced training, may be specified by Administrative Instruction.

16) Service in the New Iraqi Army may terminate on the occurrence of one of the following events:

(a) Upon a determination that the Member's services are no longer required following the transfer of authority by the CPA to an internationally recognized, representative government, established by the people of Iraq, without prejudice to the right of an internationally recognized, representative government in Iraq, established by the people of Iraq, to assume the command and control of the New Iraqi Army and all on-going service obligations of its personnel;

(b) Upon a determination by a commanding officer, based upon credible evidence, that a Member of the New Iraqi Army is unsuitable for further military service in the New Iraqi Army on the basis of one of the following:

(i) commission of a Serious Offense
(ii) a poor disciplinary record
(iii) medical unsuitability
(iv) consistently poor performance
(v) failure to meet basic standards of performance
(vi) behavior which is discriminatory on the basis of gender, race, ethnic or regional origin, religion or tribal affiliation
(vii) unsuitability for military service
(viii) commission of a Military Offense
(ix) violations of Section 9 of this Order (relating to political activity)

Within seven days of notification of termination, Members who have completed initial entry training, may request that the decision to terminate their service be confirmed by the Administrator of the CPA or by a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing in respect of this Section. A determination under this clause (b) shall be conclusive upon confirmation by Administrator of the CPA, or by a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing with respect to this Section, or upon the elapse of seven days from the time of notification of termination, if no request for confirmation is made**.**

(c) Service in the New Iraqi Army shall also terminate upon:

(i) the granting of an application from a Member of the New Iraqi Army for discharge based upon demonstrated need;
(ii) on the granting of an application to resign; or
(iii) a determination by the Administrator or his delegate that such termination is necessary for the good of the service.

Section 7
Weapons

The possession of Heavy Weapons and Small Arms by Members of the New Iraqi Army is regulated by CPA Order Number 3, Weapons Control Order (CPA/ORD/23 May 2003/03), which Order may be supplemented by Administrative Instructions.

Section 8
Administrative Inquiries

1) The Administrator of the CPA, or a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing, may, by Administrative Instruction, issue such rules made under this Section for the convening of an Administrative Inquiry to investigate any matter regarding the operation of any part of the New Iraqi Army. Reports of such inquiries shall establish the facts of the matter, draw conclusions, and make any recommendations as may be appropriate.

2) An Administrative Inquiry may be convened by an officer of the rank of Lieutenant Colonel or above who holds a command position with respect to any matter concerning a unit under his command and its operation or the Members of the New Iraqi Army under his command, except that an Administrative Inquiry may not be convened to investigate a matter already under investigation as a criminal matter until such time as the criminal investigation is completed. In circumstances in which an Administrative Inquiry has been commenced and it discovers evidence of a Military Offense then it may refer the matter to a Disciplinary Officer in accordance with the Code of Military Discipline. Following referral of the matter to a Disciplinary Officer, the Administrative Inquiry will be completed in accordance with the rules governing such Inquiries.

Section 9
Political Activities

1) Members of the New Iraqi Army may not:

(a) be members of a political party, organization or association;

(b) participate in any activities of a political party, organization or association including the recruiting of members for political parties or organizations;

(c) publicly state or suggest any opinion of a political nature which includes efforts to indoctrinate members of the New Iraqi Army or any other person with a political ideology or otherwise convince any person to adhere to a particular political ideology; or

(d) participate in any manner in Extremist Organizations or Activities.

2) Nothing in this Section shall limit the right of a member of the New Iraqi Army to vote in elections for political office organized on a local, regional or national basis.

Section 10
Defense Areas

The Administrator of the CPA, or a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing, may prohibit or restrict access by any person to any Defense Area and may make all appropriate provisions for the control and security of any Defense Area. In the event such prohibitions or restrictions limit access to privately-owned property, reasonable compensation shall be promptly paid to the property owner during the period of limited access.

Section 11
Administrative Instructions

The Administrator of the CPA, or a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing, may issue Administrative Instructions, not inconsistent with this Order, prescribing all matters that are necessary or convenient for giving effect to or carrying out the purposes of this Order.

Section 12
Entry into Force

This Order shall enter into force on the date of signature.

8/18/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 23

CREATION OF A CODE OF MILITARY DISCIPLINE FOR THE NEW IRAQI ARMY

Pursuant to my authority as the head of the Coalition Provisional Authority (CPA), relevant UN Security Council resolutions including Resolution 1483 (2003), and the laws and usages of war,

Noting that Resolution 1483 appeals to Member States *inter alia* to assist the people of Iraq to contribute to conditions of stability and security in Iraq,

Recalling in this regard that CPA Order Number 22 created the New Iraqi Army,

Acknowledging the need to ensure that the New Iraqi Army has a system of discipline to maintain order,

Noting that CPA Order Number 22 provides for both military and civilian jurisdiction over members of the New Iraqi Army

I hereby promulgate the following:

SECTION 1
DEFINITIONS

"Accused" means a Member of the New Iraqi Army subject to this Code of Military Discipline, against whom disciplinary proceedings are conducted in respect of an allegation of a Military Offense under this Code of Military Discipline,

"Charge" means a formal accusation in writing, prepared at the direction of the Disciplinary Officer and signed by a Disciplinary Officer, that a Member of the New Iraqi Army subject to this Code of Military Discipline has committed a Military Offense,

"Commander of the New Iraqi Army" means the Iraqi officer appointed by the Administrator of the CPA to command the New Iraqi Army,

"Disciplinary Proceedings" means the investigation into, hearing of and the decision reached, under this Code of Military Discipline in respect of an allegation of a Military Offense and includes any appeal of any such decision,

“Elements of Military Offenses” means the elements of the Offenses required to be proved to the required criminal standard before a member of the New Iraqi Army can be convicted of a Military Offense.

“Junior Disciplinary Officer” means either the officer of at least Captain in rank who at the time of any part of the Disciplinary Proceedings in respect of an allegation under this Code of Military Discipline commands the company or equivalent unit, or battalion or equivalent unit of which the Accused is a member, or the officer of at least the rank of Captain who is appointed, in accordance with the provisions of this Order, by an officer in command of a Brigade to be the Junior Disciplinary Officer of the Accused for the Disciplinary Proceedings,

“Member of the New Iraqi Army” means a person serving in the New Iraqi Army from the time of attestation until the date of termination of service,

“Military Court” means a civilian court with a civilian judge who has been appointed as a Military Judge pursuant to Section 5 of this Order,

“Military Judge” means a civilian judge with jurisdiction over Military Offenses in accordance with the provisions of this Order,

“Military Offense” means an act or omission described in Section 3 of this Code of Military Discipline,

“New Iraqi Army” means the military forces of Iraq organized for the purposes set forth in this Order including all components of the national armed forces of Iraq, specifically including the ground forces recruited, trained, and organized as the first step in the process of creating a military defense force for the new Iraq. Unless the context clearly requires otherwise, all references to the “New Iraqi Army” are references to any element of the national defense forces of Iraq,

“Senior Disciplinary Officer” means either the officer of at least Lieutenant Colonel in rank who at the time of any part of the Disciplinary Proceedings in respect of an allegation under this Code of Military Discipline commands the Battalion of which the Accused is a member, or the officer of at least the rank of Lieutenant Colonel who is appointed, in accordance with the provisions of this Order, by the Commander of the New Iraqi Amy to be the Senior Disciplinary Officer of the Accused for the Disciplinary Proceedings.

SECTION 2
MILITARY JURISDICTION

1) Members of the New Iraqi Army are subject to this Code of Military Discipline at all times from the date of their attestation until the date of termination of service.

2) A Member of the New Iraqi Army who is subsequently determined to have been ineligible for service in the New Iraqi Army remains subject to the Code of Military Discipline until discharged.

3) All Members of the New Iraqi Army will remain subject to the jurisdiction of the civilian courts while serving as Members of the New Iraqi Army; provided, Members of the New Iraqi Army enjoy immunity from civilian criminal prosecution or civil liability for acts or omissions arising within the scope of their duties and authorized operations to the same degree as other governmental officials.

SECTION 3
MILITARY OFFENSES

1) Any Member of the New Iraqi Army subject to this Code of Military Discipline who commits any of the following shall commit a Military Offense and shall be liable on conviction to any punishment laid down in Sections 10 and 13 of this Order.

(a) mistreatment of Members of the New Iraqi Army of inferior rank;
(b) causing or engaging in a disturbance or behaving in a disorderly manner;
(c) behaving in an insubordinate manner;
(d) striking a Member of the New Iraqi Army or a member of another armed force of superior rank or civilian instructor placed in authority over the accused;
(e) while on sentry duty either
 (i) engaging in misconduct, or
 (ii) failing to do the Member's duty;
(f) disobeying a lawful order;
(g) drunkenness if, owing to the influence of alcohol or any drug, whether alone or in combination with any other circumstances, the Member is:
 (i) unfit to be entrusted with his duty,
 (ii) unfit to be entrusted with any duty which the Member was reasonably aware that he could be called upon to perform,

(iii) behaving in a disorderly manner, or;
(iv) behaving in any manner likely to bring discredit on the New Iraqi Army;

(h) absence without leave;
(i) avoiding the performance of a duty or negligently performing a duty;
(j) making a false statement concerning any official matter relating to the New Iraqi Army;
(k) fighting with another Member of the New Iraqi Army;
(l) willfully or by neglect damaging or causing damage to or the loss of any property of the New Iraqi Army;
(m) conduct to the prejudice of good order or military discipline;
(n) behaving in a manner likely to bring discredit on the New Iraqi Army.

2) The Elements of the Military Offenses are contained in Annex A to this Order.

3) Any Member of the New Iraqi Army subject to this Code of Military Discipline who commits a civilian criminal offense shall be guilty, by reason of so doing, of a Military Offense against this Section and liable to trial, and on conviction, to any punishment under the provisions of this Order.

4) Any Member of the New Iraqi Army subject to this Code of Military Discipline or any other person who by the law of war is subject to trial by a Military Court for any crime or offense against the law of war who commits a violation of the law of war as adopted by Iraq or recognized as customary international law shall be guilty, by reason of so doing, of a Military Offense against this Section and liable to trial, and on conviction, to any punishment under the provisions of this Order. In the event the law of war convention or treaty was adopted without specifying the penalty for violations or otherwise fails to specify the criminal penalty, the maximum penalty shall be the maximum penalty specified for the most closely analogous offense under the civilian criminal code.

SECTION 4
DISCIPLINARY OFFICERS

1) Junior Disciplinary Officers have jurisdiction over all Military Offenses created under this Order, with the exception of the Military Offenses created under Sections 3(3) or 3(4), in respect of Members of the New Iraqi Army below the rank of Lieutenant.

2) An officer in the New Iraqi Army, not below the rank of Captain may be appointed in writing as a Junior Disciplinary Officer by an officer in command of a Brigade to be the Junior Disciplinary Officer of the accused in respect of the allegation of the commission of any Military Offense.

3) Senior Disciplinary Officers have jurisdiction over all Military Offenses created under this Order, with the exception of the Military Offenses created under Sections 3(3) or 3(4), in respect of members of the New Iraqi Army in the rank of Lieutenant and above, so long as the Senior Disciplinary Officer is at least one rank above the Accused. Senior Disciplinary Officers have jurisdiction over all appeals of decisions of Junior Disciplinary Officers.

4) An officer in the New Iraqi Army, not below the rank of Lieutenant Colonel may be appointed in writing as a Senior Disciplinary Officer by the Commander of the New Iraqi Army to be the Senior Disciplinary Officer of the accused in respect of the allegation of the commission of any Military Offense.

SECTION 5
MILITARY COURTS AND MILITARY JUDGES

1) Military Courts have jurisdiction over those Military Offenses created under Sections 3(3) and 3(4) of this Order.

2) Military Judges have jurisdiction over those Military Offenses created under Sections 3(3) and 3 (4) of this Order.

3) In circumstances in which allegations against an Accused involve Military Offenses under both Section 3(1) and Section 3(3) or 3(4), then the Military Court and Military Judge to which such matters are referred will have jurisdiction over Military Offenses under Section 3(1) in addition to those under Section 3(3) or 3(4).

4) Military Judges will be selected from sitting civil judges. The Senior Advisor, Ministry of Justice, in coordination with the Interim Minister of the Justice will appoint such civil judges, as he may deem appropriate, to be Military Judges on a standing basis who will sit as Military Judges when a Military Offense is referred to them in accordance with the provisions of this Order.

5) A civil court in which a Military Judge is conducting Disciplinary Proceedings in respect of a Military Offense will be deemed to be a Military Court for the duration of those Disciplinary Proceedings.

SECTION 6
APPELLATE COURTS

In circumstances in which a Member of the New Iraqi Army has been convicted by a Military Court then the appellate court to which any appeal is made will have jurisdiction over any Military Offense referred. Appeals will be made to the appellate court with jurisdiction to hear appeals from the trial court.

SECTION 7
ARREST

1) Any Member of the New Iraqi Army subject to this Code of Military Discipline found committing a Military Offense, or reasonably suspected of committing a Military Offense, may be arrested in accordance with the provisions of this Section.

2) A Member of the New Iraqi Army subject to this Code of Military Discipline may be arrested by (a) a Member of the New Iraqi Army of superior rank, (b) by a civilian instructor placed in authority over the accused, (c) by a civilian police officer acting within the officer's authority, or a Member of the New Iraqi Army serving in a provost position.

3) As soon as possible, but in any event no later than 24 hours following arrest, the arrested Member of the New Iraqi Army must be informed of the reasons for his arrest.

4) Within 24 hours of arrest, unless the exigencies of operational circumstances prevent it, a Disciplinary Officer must be informed of the arrest and must consider the necessity of retaining the Member of the New Iraqi Army in arrest. The Disciplinary Officer shall order the release of the arrested Member of the New Iraqi Army unless he reasonably believes that if released:

(a) the arrested Member of the New Iraqi Army will absent himself or flee disciplinary proceedings;
(b) there is a risk that evidence will be lost, tainted or destroyed; or
(c) the arrested Member of the New Iraqi Army will commit further Military Offenses if released.

5) If, in accordance with Section 7(5) of the present Order, the Disciplinary Officer shall have determined that the member of the New Iraqi Army under arrest shall be further retained, the period of such further retention shall not, unless the exigencies of operational circumstances prevent it, exceed 48 hours.

6) Except for the exigencies of operational circumstances or the referral of the matter to a Military Court, before the expiration of the period of 72 hours of arrest, the Disciplinary Officer must have either released the Member of the New Iraqi Army under arrest from arrest under this Section or dealt with the allegation of the Military Offense upon which the arrest is based through Disciplinary Officer action or referral to a Military Court.

7) In circumstances in which a suitable facility within a military location in which the Accused can be retained under arrest is unavailable, use may be made, with the agreement of the civilian police, of such civilian police or prison facilities as may be available.

8) Upon referral to a Military Court, that Military Court will determine whether an Accused shall remain in arrest on the basis of the civil procedures applicable in that court.

SECTION 8
INVESTIGATION OF ALLEGATIONS

1) An allegation that a Member of the New Iraqi Army has committed a Military Offense created under Section 3(1), Section 3(3), or Section 3(4) shall be reported to a Disciplinary Officer, who shall cause each such allegation to be investigated.

2) In circumstances involving an allegation of a Military Offense under Section 3(3) or Section 3(4), the Disciplinary Officer will act in accordance with Section 13 of this Order.

3) In circumstances in which allegations against an Accused involve Military Offenses under both Section 3(1) and Section 3(3) or Section 3(4), the Disciplinary Officer shall, if the Disciplinary Officer considers it is in the interests of justice for the matters to be tried together, refer all allegations to a Military Judge in accordance with Section 13 of this Order.

4) During the course of an investigation into an allegation of a Military Offense under section 3(1), if it becomes necessary to speak to the Accused, the Accused shall be offered the opportunity to have an officer of the member's choice, if reasonably available, and of at least the rank of the investigator present during the conversation to assist the Accused. It shall be explained that the Accused is not obliged to say anything unless the Accused wishes to do so. The answers of the Accused will be written down sequentially, together with the questions asked and the Accused shall have an opportunity to sign the record as accurate.

SECTION 9
DECISION BY DISCIPLINARY OFFICERS ON CHARGING

1) In the case of an allegation against an Accused with respect to of a Military Offense under Section 3(1), the Disciplinary Officer will decide whether the evidence discovered during the investigation would support a Charge being preferred against the Accused.

2) If the Disciplinary Officer determines that a Charge should be preferred, the Charge shall be reduced to writing, signed by the Disciplinary Officer and a copy given to the Accused.

3) At the same time or as soon as reasonably practicable thereafter the Accused shall be provided a copy of all documentary evidence and access to all real evidence with respect to the charged Military Offense.

SECTION 10
DISCIPLINARY HEARING

1) The Accused shall have at least 24 hours to prepare for the Disciplinary Hearing. The 24-hour period shall begin when the written Charge or copy of the evidence is provided to the Accused, whichever is later.

2) The Accused shall have the assistance of an Officer of his choice, subject to reasonable availability, in preparing for and during the Disciplinary Hearing.

3) Disciplinary Hearings will not be open to the Public.

4) Disciplinary Hearings will be conducted in accordance with the procedures set forth in Administrative Instructions issued by the Administrator of the CPA or by a civilian member of the CPA reporting directly to the Administrator and to whom authority to issue such Administrative Instructions is delegated.

5) Disciplinary Hearings shall be conducted in a manner that provides for the basic rights of an Accused, including but not limited to the following rights:

(a) the Accused shall have the Charge explained by the Disciplinary Officer;
(b) the Accused shall have the right to question witnesses called to give evidence against the Accused;

(c) the Accused shall have the right to present evidence in support of his case, and if convicted, to present evidence or speak in mitigation of his punishment
(d) the Accused shall have the right to remain silent and have no adverse consideration taken by the exercise of this right

6) A Disciplinary Officer, having considered all the evidence presented to him, will only find an Accused guilty of the Military Offense charged if the Disciplinary Officer is satisfied that Accused committed the Offense in respect of each of the elements of the Military Offense listed in the Annex to this Order.

SECTION 11
PUNISHMENTS BY DISCIPLINARY OFFICERS

1) In adjudicating cases involving enlisted or non-commissioned personnel, a Disciplinary Officer may award the following punishments in respect of each Military Offense of which the member has been found guilty:

(a) Detention for a period not longer than 7 days;
(b) Fine not exceeding 14 days' pay;
(c) A reprimand;
(d) Extra duties to a maximum of 7 days;
(e) In respect of a Private First Class, Corporal, or Sergeant, reduction by one rank;
(f) Stoppages of pay in respect of damage or loss caused by the act or acts which formed the basis of the Offense charged, not exceeding 14 days' pay.

2) A Junior Disciplinary Officer may combine those punishments listed in Sections 11(1)(b) and 11(1)(f), except that no more than 28 days pay may be taken from the convicted member of the New Iraqi Army in respect of all the Offenses dealt with by the Junior Disciplinary Officer at one hearing.

3) Detention may only be awarded to a Private, Private First Class, or Corporal. It may not be combined with any other punishment except stoppages of pay.

4) Reduction in rank may not be combined with any other punishment.

5) A reprimand and extra duties may be combined with any other punishment not otherwise excepted under this Section.

6) In adjudicating cases involving officers, a Senior Disciplinary Officer may only award the following punishments in respect of each Military Offense of which the member has been found guilty:

(a) Fine not exceeding 14 days' pay;
(b) A reprimand;
(c) Extra duties to a maximum of 7 days;
(d) Stoppages of pay in respect of damage or loss caused by the act or acts which formed the basis of the Offense charged, not exceeding 14 days' pay.

7) A Senior Disciplinary Officer may combine those punishments listed in Sections 11(6)(a) and 11(6)(d), except that no more than 28 days pay may be taken from the convicted Member of the New Iraqi Army in respect of all the Offenses dealt with by the Senior Disciplinary Officer at one hearing.

8) A reprimand and extra duties may be combined with any other punishment not otherwise excepted under this Section.

SECTION 12
APPEAL FROM DISCIPLINARY OFFICER

1) An Accused who has been convicted by a Junior Disciplinary Officer of a Military Offense under Section 3(1) of this Code of Military Discipline shall be entitled to appeal to the Senior Disciplinary Officer. An Accused must submit the appeal and any supporting evidence in writing to the officer in command of the convicted member within 14 days of the Disciplinary Hearing.

2) An Accused who is an officer of the New Iraqi Army who is convicted by a Senior Disciplinary Officer of a Military Offense under Section 3 (1) of this Code of Military Discipline shall be entitled to appeal to the Commander of the New Iraqi Army or the senior Commander of the New Iraqi Army. An Accused must submit the appeal and any supporting evidence in writing to the officer in command of the convicted member within 14 days of the Disciplinary Hearing.

SECTION 13
REFERRAL FOR TRIAL BY MILITARY JUDGE

1) In the case of an allegation of a Military Offense under Section 3(3) or Section 3(4) the Disciplinary Officer will refer the allegation, together with all available evidence relating to the allegation, to a Military Judge for consideration.

2) Where an investigation into an allegation of a Military Offense under Section 3(1) discovers evidence of additional Military Offenses under Section 3(3) or Section 3(4), the Disciplinary Officer shall terminate the investigation and refer the allegation, together with all available evidence, to a Military Judge for consideration.

3) In accordance with Section 8(3) of this Order, where there are allegations against an Accused involving Military Offenses under both Section 3(1) and Section 3(3) or Section 3(4) the Disciplinary Officer shall, if the Disciplinary Officer considers it in the interests of justice for the matters to be tried together, refer all allegations, together with all available evidence, to a Military Judge.

4) The Military Judge will investigate and otherwise deal with the allegation of the Military Offense referred in accordance with this Section in the manner applicable for civil Offenses laid down in the Iraqi Law of Criminal Procedure 1971 as amended by Iraqi law and by CPA Orders.

SECTION 14
PUNISHMENTS BY MILITARY JUDGE

The Military Judge will apply the sentences appropriate to the civil Offense charged under the provisions of Section 3(3) or Section 3(4), except that in determining the appropriate level of sentence within the sentencing range for the Offense, the Military Judge may consider the impact that the Military Offense had on good order and discipline within the New Iraqi Army.

SECTION 15
APPEAL FROM MILITARY JUDGE

1) An Accused who has been convicted by a Military Judge of a Military Offense shall be entitled to appeal in accordance with civil procedures.

2) The court hearing the appeal will consider the matter appealed in accordance with the applicable law and procedure for civil Offenses laid down in the Iraqi Law of Criminal Procedure 1971 with amendments and as amended by CPA Orders and the Third Edition of the Iraqi Penal Code 1969, with amendments and as amended by CPA Orders.

SECTION 16
SUSPENSION OF IRAQI LAWS

The Iraqi Military Law Code Number 13 of 1940, the Iraqi Military Procedures Code Number 44 of 1941, the Code of Legal Notification of Military Personnel

Number 106 of 1960, Punishment of Military Deserters Law Number 28 of 1972, and the Penal Code of the Popular Army Number 32 of 1984 have been suspended under CPA Order Number 21 entitled Creation of a New Iraqi Army.

SECTION 17
ADMINISTRATIVE INSTRUCTIONS

The Administrator of the CPA or a civilian member of the CPA reporting directly to the Administrator and to whom such authority is delegated may issue Administrative Instructions not inconsistent with this Order, prescribing all matters that are necessary or convenient for giving effect to or carrying out the purposes of this Order.

SECTION 18
ENTRY INTO FORCE

This Order shall enter into force on the date of signature.

8/20/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A TO
COALITION PROVISIONAL AUTHORITY ORDER NUMBER 23

CREATION OF A CODE OF MILITARY DISCIPLINE FOR THE NEW IRAQI ARMY

ELEMENTS OF MILITARY OFFENSES CREATED UNDER SECTION 3

(a) mistreating in any way of a Members of the New Iraqi Army of inferior rank;

Elements:

1. an act that amounted to mistreatment; and
2. the act was committed by a Member of the New Iraqi Army of superior rank (hereinafter in this subsection "superior rank") on a Member of the New Iraqi Army or a member of another armed force acting with the New Iraqi Army of inferior rank; and
3. the superior rank (accused) knew the victim was inferior in rank; and
4. the superior rank (accused) deliberately carried out the act; and
5. the superior rank (accused) knew that the act amounted to mistreatment

"Mistreatment" means unwarranted, harmful, abusive, rough, or other unjustifiable treatment which, under all the circumstances:

(a) results in physical or mental pain or suffering, and
(b) is unwarranted, unjustified and unnecessary for any lawful purpose.

(b) causing or engaging in a disturbance or behaving in a disorderly manner;

Elements:

1. the accused EITHER
 (i) caused a disturbance, OR
 (ii) became involved in a disturbance, OR
 (iii) behaved in a disorderly manner; and
2. the accused acted in such a manner deliberately.

(c) behaving in an insubordinate manner;

Elements

1. the actions OR words of the accused were insubordinate, insulting or disrespectful to a Member of the New Iraqi Army or a member of another armed force of
superior rank (hereinafter in this subsection "superior rank") or a civilian instructor placed in authority over the accused; and
2. the actions OR words of the accused were used in the presence of the superior or civilian instructor placed in authority over the accused; and
3. the accused knew that the superior or civilian instructor placed in authority over the accused was his or her superior or civilian instructor placed in authority over the accused; and
4. the accused deliberately spoke or acted in such insulting or disrespectful manner.

(d) striking a Member of the Iraqi Army, a member of another armed force acting with the New Iraqi Army of superior rank, or civilian instructor placed in authority over the accused (hereinafter in this subsection "superior")

Elements

1. the accused struck a Member of the New Iraqi Army, a member of another armed force acting with the New Iraqi Army, or civilian instructor placed in authority over the accused; and
2. the accused had no lawful excuse for striking the superior or civilian instructor placed in authority over the accused; and
3. the accused knew that the superior or civilian instructor placed in authority over the accused was his or her superior or civilian instructor placed in authority over the accused; and
4. the accused deliberately struck the superior or civilian instructor placed in authority over the accused

"Strike" means an intentional blow, and includes any offensive touching of the person of the superior, however slight.

(e) while on sentry duty either
(i) engaging in misconduct, or
(ii) failing to do the Member's duty;

Elements

1. the accused was on sentry duty; and

2. the accused EITHER
 (i) deliberately engaged in misconduct, OR
 (ii) the accused failed to carry out a duty whether deliberately or by neglect.

(f) disobeying a lawful order

Elements
1. an order was given to the accused; and
2. the order was lawful; and
3. the accused was aware of the order having been given to him; and
4. the accused deliberately or by neglect did not obey the order.

(g) drunkenness if, owing to the influence of alcohol or any drug, whether alone or in combination with any other circumstances, the Member is:
 (i) unfit to be entrusted with his duty,
 (ii) unfit to be entrusted with any duty which the Member was reasonably aware that he could be called upon to perform;
 (iii) behaving in a disorderly manner, or;
 (iv) behaving in any manner likely to bring discredit on the New Iraqi Army;

Elements
1. the accused knowingly took alcohol OR drugs; and
2. as a result thereof the accused EITHER
 (i) was unfit to be entrusted with his duties, OR
 (ii) was unfit to be entrusted with any duty that he was reasonably aware he could be called upon to perform, OR
 (iii) behaved in a disorderly manner, OR
 (iv) behaved in a manner likely to bring discredit on the Defence Force.

(h) absence without leave

Elements
1. the accused was required to be at his place of duty; and
2. the accused was not at his place of duty; and
3. the accused later returned to his place of duty; and
4. the accused did not have permission or a reasonable excuse for being away from his place of duty.

(i) avoiding the performance of a duty or negligently performing a duty

Elements

1. the accused had a duty to perform; and
2. the accused was aware of that duty; and, EITHER
 - (i) the accused did not perform that duty; and
 - (ii) the accused did not perform the duty either deliberately or by neglect, OR
 - (iii) the accused performed the duty to a poor standard; and
 - (iv) the accused performed the duty to a poor standard either deliberately or by neglect

(j) making a false statement concerning any official matter relating to the New Iraqi Army

Elements

1. the accused made a statement about official New Iraqi Army matters; and
2. the statement was false in a significant way; and
3. the accused knew that the statement was false at the time he made it.

(k) without reasonable excuse, fighting with another Member of the New Iraqi Army;

Elements

1. the accused was involved in a fight; and
2. the accused's involvement in the fight was deliberate; and
3. the fight was with another Member of the New Iraqi Army; and
4. the accused did not have a reasonable excuse for fighting.

(l) willfully or by neglect damaging or causing damage to or the loss of any property of the New Iraqi Army;

Elements

1. the accused lost OR damaged property of the New Iraqi Army; and
2. that loss or damage resulted from EITHER
 - (i) the deliberate acts of the accused, OR
 - (ii) the neglect of the accused.

(m) conduct to the prejudice of good order or military discipline

Elements

1. an act or omission by the accused; and
2. such act or omission was likely to prejudice good order or military discipline
3. the accused was aware, at the time of such act or omission, that the same was likely to prejudice good order or military discipline.

(n) behaving in a manner likely to bring discredit on the New Iraqi Army

Elements

1. an act or omission by the accused; and
2. such act or omission caused discredit to the New Iraqi Army; and
3. the accused was aware, at the time of such act or omission, that the act or omission was likely to bring discredit on the New Iraqi Army.

UF03825-01

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 24

MINISTRY OF SCIENCE AND TECHNOLOGY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that Iraq possesses a large, well-trained engineering and technical work force fully capable of advancing scientific research and development initiatives to support the reconstruction and economic development of Iraq,

Recalling that Iraq's scientific expertise was employed in a manner inconsistent with accepted notions of scientific development and for purposes directed by the former regime,

Understanding that redirecting the efforts of Iraq's scientific and technical research efforts away from weapons development is necessary to transform and modernize Iraq's industrial base in support of the continued economic development of Iraq,

I hereby promulgate the following:

Section 1
Dissolution of the Ministry of Atomic Energy

In accordance with CPA Order No. 2, Dissolution of Entities (23 May 2003), the Ministry of Atomic Energy is hereby dissolved. Employees and assets of the Ministry of Atomic Energy shall be transferred to the Ministry of Science and Technology established hereunder.

Section 2
Establishment of the Ministry of Science and Technology

There is hereby established the Ministry of Science and Technology as a ministerial level agency that shall identify, research and develop projects designed to restore and improve Iraq's infrastructure and industrial base.

Section 3
Purpose

The Ministry of Science and Technology will work with public and private industry, governmental agencies, and educational institutions to lead scientific and technological development for the purpose of fostering the restoration and improvement of Iraq's infrastructure and industrial base.

Section 4
Organization

The Ministry of Science and Technology shall be organized by centers of thought. These centers include:

1) Fossil Fuel/Solar Energy Research and Development Center. This Center will focus on the development of new technologies to maximize the potential of current fossil fuel production and to research alternative energy sources.

2) Environmental Protection Center. This Center will focus on standards and compliance measures to address radiation, air quality, hazardous materials, water management, and pollution prevention.

3) Information and Electronics Technology Center. This Center will focus on research and technology to foster business productivity. The functional areas will include hardware and software, process engineering, and electronic devices.

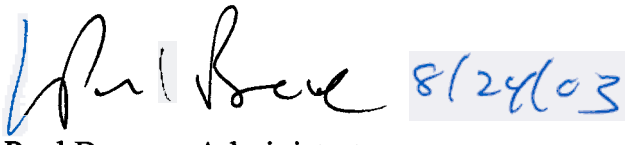
4) Agriculture and Food Technology Center. This Center will focus on the redirection and refurbishment of the agriculture and food production capabilities of Iraq. The functional areas will include natural pesticides, improved seed stocks, processed foods, and hydroponics.

5) Materials and Chemistry Center. This Center will focus on supporting the emerging sectors by nurturing the development of material technologies. The functional areas will include plastics, ceramics and glass, metals, and building technology.

6) Industrial Development Center. This center will investigate potential solutions and processes that require the study of available raw materials and the commercial viability of supporting technologies. This includes the use of licensing agreements and outside experts and partners.

Section 5
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 25

CONFISCATION OF PROPERTY USED IN OR RESULTING FROM CERTAIN CRIMES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that crimes involving the theft of natural resources or state property and crimes involving the damage of utility infrastructure including water and power facilities harm all Iraqi people,

Noting that one of the means of deterring such crimes is to deprive criminals of the proceeds of crime and of the property used or intended for use in the commission of crimes,

Understanding the need for a fair process to ensure that the rights of innocent persons are not infringed by unwarranted confiscation of property,

I hereby promulgate the following:

Section 1
Definitions

1) "Confiscation Hearing" means the hearing in an Investigative Court conducted by an Investigative Judge for the purpose of determining whether seized property is Criminal Property as defined in this Order and subject to confiscation.

2) "Criminal Property" means

 a) Property used or intended for use in the commission of a criminal offense involving Natural Resources or Utility Infrastructure including any means of transport or conveyances, such as aircraft, vehicles, or vessels that are used, or are intended for use, to transport, or in any manner facilitate the commission of such criminal offenses;

 b) Property acquired through or as a result of the commission, or attempted commission of a criminal offense involving Natural Resources or Utility Infrastructure; and

 c) All monies, negotiable instruments, securities, or other things of value furnished or intended to be furnished by any person in exchange for unlawfully

acquired Natural Resources or parts of Utility Infrastructure, or to otherwise facilitate the commission of an offense within the scope of this order.

3) "Natural Resources" means resources occurring in nature that can be used for the creation of raw materials or products as identified in Article 13 of the Interim Constitution of 1970 including products resulting from such resources such as refined petroleum, benzene, diesel fuel, or other petroleum products after refinement.

4) "Utility Infrastructure" means

 a) any and all parts of public service facilities including power generation and supply equipment including wires and towers,

 b) water treatment and delivery apparatus including irrigation systems and pipes, and

 c) information technology components including telephone and computer cabling.

Section 2
Confiscation of Criminal Property

1) Criminal Property shall be subject to confiscation; confiscated property shall vest as provided in Section 6 below.

2) Criminal Property may be seized by Coalition Forces or Iraqi Police in the manner set forth below in Section 3.

3) Confiscation Hearing procedures described in this Order are in addition to other confiscation laws that require the conviction of the accused prior to the confiscation of the property.

4) A criminal conviction is not required under these procedures prior to the confiscation of Criminal Property.

5) The Confiscation Hearing procedures set forth in this Order are independent of criminal investigations or prosecutions and may be pursued irrespective of the disposition of criminal charges.

Section 3
Procedures for the Seizure and Confiscation of Criminal Property

1) When suspected Criminal Property is identified in connection with an investigation of or the apprehension of a person for the commission or attempted commission of a criminal offense involving Natural Resources or Utility Infrastructure, such suspected Criminal Property is subject to immediate seizure by Coalition Forces or Iraqi Police.

2) The authority seizing the suspected Criminal Property shall inform the person in possession or control of the property at the time of seizure that the property is being seized as suspected Criminal Property and will be subject to confiscation proceedings.

3) Within seven days of seizure pursuant to this Order, the authority that seized the suspected Criminal Property shall report the seizure of such property to a court of competent jurisdiction and to the Ministry of Finance. The following courts are courts of competent jurisdiction to conduct Confiscation Hearings:

 a) Except as provided in Section 3.3(b) below, the Investigative Court with jurisdiction over the geographic area in which the property was seized shall have jurisdiction to conduct Confiscation Hearings. For seizures within the territorial waters or airspace of Iraq, the Investigative Court nearest the port of entry or with jurisdiction over the geographic area of the storage location of the seized property shall have jurisdiction to conduct Confiscation Hearings.

 b) The Investigative Court of the Central Criminal Court of Iraq shall have jurisdiction to conduct Confiscation Hearings involving seizures of suspected Criminal Property. Such cases shall be referred to the Central Criminal Court in accordance with the referral procedures set forth in CPA Order 13 (Revised), The Central Criminal Court of Iraq, CPA/ORD/11 Jul 2003/13.

4) The report to the Investigative Court and the Ministry of Finance by the authority that seized the suspected Criminal Property shall describe the seized property with serial or identification numbers, if any, and state the time, date and place of seizure, the identity of the person possessing or in control of the property at the time of seizure, and any other available identifying information about the owner of the seized property.

5) Following the report of the seizure of suspected Criminal Property, the Investigating Judge shall make reasonable attempts to identify the owner and others with a documented interest in the suspected Criminal Property including the review of reasonably available property registration records.

6) Once identified, the owner of the seized property and others with a documented interest shall be notified within a reasonable time in writing of the Confiscation Hearing, which shall occur no earlier than seven days following notification.

7) In the event the Investigating Judge is unable to identify or notify the owner or others with a documented interest in the suspected Criminal Property, the Investigative Court shall publish a short description of the Criminal Property, the date and place of seizure, and the date and time of the Confiscation Hearing described in Section 4 below. This publication will be made in two general circulation newspapers in the vicinity of the location of the seizure for five consecutive issues if published in daily publications or two consecutive issues if published less than daily. Confiscation Hearings may not occur before the expiration of three days from the last date of publication.

Section 4
Confiscation Hearings

1) The circumstances surrounding the seizure of suspected Criminal Property shall be reviewed by the Investigating Judge in accordance with the procedures of Investigative Hearings set forth in Law (23) of 1971, the Law on Criminal Proceedings as modified by CPA Implementing Memorandum 3 (CPA/MEM/18 Jun 2003/03).

2) Persons asserting lawful interests in suspected Criminal Property shall be provided an opportunity to be heard at the Confiscation Hearing.

3) The Investigating Judge shall review available evidence and information presented by persons with lawful interests in suspected Criminal Property at the Confiscation Hearing. The Investigating Judge shall determine whether the suspected Criminal Property is Criminal Property as defined in this Order.

4) In the event the Investigating Judge is satisfied that the property is Criminal Property and the owner knew or reasonably should have known that the property was used or was intended to be used in a criminal offense involving Natural Resources or Utility Infrastructure, the Investigating Judge shall order that the property be confiscated. Following the Confiscation Hearing, the Investigating Judge shall promptly inform the Ministry of Finance of the description and location of the confiscated property. The owner of property ordered to be confiscated may appeal such order in accordance with Section 5 below.

5) In the event the Investigating Judge is not satisfied that the property is to be confiscated, the property shall be made available for release to the individual

identified as the owner of the property, provided it is not necessary to retain the property for use in future criminal or other confiscation proceedings related to the suspected offense. The governmental authority may appeal such order in accordance with Section 5 below.

5) Courts conducting Confiscation Hearings shall report all such hearings to the Ministry of Justice and Ministry of Finance. Reports will include: the name of the suspected owner of the property, description of property, Investigative Court and Judge conducting the Confiscation Hearing, date of the Confiscation Hearing, and outcome. Reports will be made by the 15th day of the month and will report all Confiscation Hearings conducted in the prior month. Investigative Courts will also report to the Ministry of Justice any property not forwarded to the Ministry of Finance for disposition or returned to the owner within sixty days following the Confiscation Hearing.

Section 5
Appeal from Confiscation Hearings

1) Within thirty days of the decision regarding the confiscation of the Criminal Property, the decision of the Confiscation Hearing Investigative Judge may be appealed to the Felony Trial Court with jurisdiction over cases arising from the Investigative Court conducting the Confiscation Hearing or to the Felony Trial Court of The Central Criminal Court of Iraq.

2) The Felony Trial Court with jurisdiction to which the confiscation decision has been appealed shall review the evidence presented at the Confiscation Hearing and determine whether the decision of the Investigative Judge was warranted by the evidence. The owner or governmental authorities may present briefs accompanied by sworn affidavits to the Felony Trial Court for consideration. The appeal to the Felony Trial Court is not a new trial, but is limited to a review of the record of the Investigating Court and matters submitted by the persons with an interest in the confiscated property or governmental authorities.

3) In the event that the Felony Trial Court is satisfied that the property is Criminal Property subject to confiscation, the Felony Trial Court shall order that the property be confiscated and disposed of in accordance with Section 6 below. There shall be no further appeal from the determination of the Felony Trial Court.

4) In the event the Felony Trial Court is not satisfied that the property is Criminal Property, the Felony Trial Court shall order that the seized property be made available for release to the owner of the property, provided it is not necessary to retain the property for use in future criminal or other confiscation proceedings. The Felony Trial Court shall inform the Ministry of Finance that the property is to

be released to the owner. In the event the property has been disposed of in accordance with Section 6 below prior to the decision of the Felony Trial Court granting the appeal, the Felony Trial Court shall inform the Ministry of Finance of the description of the property, owner, and appeal result. In the event the property cannot be returned, the Ministry of Finance shall pay (i) the amount of the assessed market value of the property at the time of seizure or (ii) the actual amount paid if sold at public auction, whichever is greater, to the owner within thirty days of the decision by the Felony Trial Court.

Section 6
Disposition of Criminal Property

1) Investigating Judges may not order the release of suspected Criminal Property prior to conducting a Confiscation Hearing.

2) Property determined to be Criminal Property by the Investigating Judge shall be disposed of by the Ministry of Finance. All monies, negotiable instruments, or securities will be accounted for by the Ministry of Finance and paid into the Central Bank of Iraq. For other property, the Ministry of Finance shall undertake an assessment of the fair market value at the time of seizure of the property confiscated under the Order.

3) Following a determination of the fair market value at the time of seizure of the Criminal Property, the Ministry of Finance, in its discretion, may retain such property for official governmental use and may deliver the property to ministries that have requirements for the use of such property or sell it in a public auction according to the Law of Selling and Leasing State Properties No. (32) of 1986. Proceeds of such sales shall be paid into the Central Bank of Iraq.

4) Appeals from the decision of the Investigative Court, shall not delay the disposition of such property.

5) In the event the Investigative Judge determines seized property is not Criminal Property subject to confiscation, the property shall be maintained for 60 days following the hearing so that it may be claimed by the owner. In the event the owner fails to claim such property within the 60-day period, the property shall be disposed of in accordance with this Section.

6) The Ministry of Finance shall deliver a Criminal Property report by the 15th day of each month to the CPA, Director of Management and Budget. The report will contain information regarding all Criminal Property disposed of during the prior month. The Criminal Property report will include the name of the suspected owner, Investigative Court conducting the Confiscation Hearing, date of the

Confiscation Hearing, description of property, fair market value at the time of seizure, and amount paid if sold or the government agency in possession of the property if retained for government use.

Section 7
Preservation of Other Confiscation Laws

This Order is in addition to other confiscation provisions of Iraqi law, and shall not preclude the enforcement of such provisions.

Section 8
Administrative Instructions

The interim Minister of Justice, in coordination with CPA ministry advisors, may issue such Administrative Instructions as are necessary to carry out this Order. The interim Minister of Finance, in coordination with the CPA Director of Management and Budget, may issue such Administrative Instructions as are necessary to carry out the financial and property management aspects of this Order.

Section 9
Entry into Force

This Order shall enter into force on the date of signature.

9/3/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 26

CREATION OF THE DEPARTMENT OF BORDER ENFORCEMENT

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that border controls are essential to the establishment of a free and safe Iraq,

Recognizing that previous border functions were carried out by five different government entities within the former Iraqi regime, and that the former Iraqi regime often used these functions as tools to oppress the interests of the Iraqi public,

Recognizing that it is desirable as soon as possible to restore the normal transit and movement of people and commercial goods to and from Iraq,

Recognizing that such transit must be restored in a way that protects the security and safety of the Iraqi public people and others lawfully present in Iraq,

I hereby promulgate the following:

Section 1
Establishment of the Department of Border Enforcement

1) There shall be established the Department of Border Enforcement for Iraq as a department within the Ministry of the Interior.

2) The Department of Border Enforcement will monitor and control the movement of persons and goods to, from, and across the borders of Iraq.

3) The Department of Border Enforcement shall conduct its activities consistent with all applicable CPA Regulations, Orders, and Memoranda, including CPA Order 16 regarding the Temporary Control of the Iraqi Borders, Ports and Airports, and all Iraqi laws regarding immigration, emigration, customs and quarantine, including the Customs Law of 1984, unless specifically suspended by the CPA.

Section 2
Responsibilities of the Department of Border Enforcement

1) Full authority, direction and control over all border-related functions formerly exercised by the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Interior, the Ministry of Defense and the Presidential Office, including border police, customs police, customs inspections, immigration inspections, border port of entry facilities protection, detention and deportation, coastal patrol, airport immigrations and customs processing, passport issuance and inspections, and nationality and civil affairs functions, are hereby vested in the Department of Border Enforcement. The Ministry of Foreign Affairs retains the limited authority to issue diplomatic and official passports necessary for official travel.

2) All facilities, equipment, and vehicles engaged in border-related functions that were previously under the authority of the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Interior, the Ministry of Defense, or the Presidential Office, all employees thereof, and all related funds for such functions or payroll, are hereby transferred to the Department of Border Enforcement. The Ministry of Foreign Affairs will retain such facilities and equipment as are necessary to accomplish the limited responsibility of issuing diplomatic and official passports.

Section 3
Cooperation Among Ministries and Governmental Offices

The Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Interior, national defense agencies, the Presidential Office and the Department of Border Enforcement, and all other relevant organs of government, shall cooperate in this effort, including prescribing, under the authority, direction and control of the CPA, any administrative procedures necessary to carry out this Order. The Ministry of Finance, under the authority, direction and control of the CPA, shall be responsible for developing policy regarding border-related revenue functions.

Section 4
Administrative Instructions

The interim Minister of the Interior, with the concurrence of the CPA Director of Interior Policy, may issue such Administrative Instructions as are necessary to carry out the purposes of this Order.

Section 5
Entry into Force

This Order shall enter into force on the date of signature.

8/24/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 27

ESTABLISHMENT OF THE FACILITIES PROTECTION SERVICE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting that Resolution 1483 appeals to Member States to assist the people of Iraq in their efforts to reform their institutions and rebuild their country and to contribute to conditions of stability and security in Iraq,

Understanding the need to preserve the facilities of the government ministries of Iraq,

Recognizing the need for a body of trained and appropriately equipped personnel that can contribute to efforts to protect the governmental installations of Iraq,

I hereby promulgate the following:

Section 1
Establishment of the Facilities Protection Service

This order establishes the Facilities Protection Service (FPS). The FPS is an organization of trained, armed, uniformed entities charged with providing security for ministry and governorate offices, government infrastructure, and fixed sites under the direction and control of governmental ministries and governorate administrations.

Section 2
Organization of the FPS

1) Governmental employees employed by the ministries or governorates are eligible to serve in the FPS. The FPS may also consist of employees of private security firms who are engaged to perform services for the ministries or governorates through contracts, provided such private security firms and employees are licensed and authorized by the Ministry of Interior as provided in Section 7 herein. Persons who have participated in Ba`ath Party activity within the leadership tiers described in CPA Order Number 1, De-Ba`athification of Iraqi Society (CPA/ORD/16 May 2003/01) may not serve in the FPS in any capacity except by the express grant of an exception by the Coalition Provisional Authority.

2) Ministers and heads of governorate administrations shall determine the need for FPS members at locations under their supervision. Each ministry or governorate administration is responsible for ensuring the FPS branch under its supervision is sufficient to protect key sites for which it is responsible, with the additional support of police or other forces in times of emergency.

3) Ministries and governorate administrations are responsible for the funding of FPS members assigned to their agency. Ministries and governorate administrations are responsible for the supervision and control of the FPS force assigned to their governmental agency, consistent with the standards and regulations established by the Ministry of Interior.

4) Governorates will establish Regional Operations Centers to coordinate the operations of FPS guards and to ensure their proper integration with police and other emergency services.

5) The Ministry of Interior will establish standards and training for the FPS including standards and training for private security firms performing FPS duties pursuant to contracts. Pursuant to this Order, the Ministry of Interior will issue FPS Administrative Instructions defining the standards for dress, training, certification, and deportment. All members of the FPS whether contracted or employed directly by the governmental agency are required to comply with the Administrative Instructions issued by the Ministry of Interior.

6) FPS organizations may be known by different names including, for example "Electricity Police," "Diplomatic Protective Services," or "Oil Police" but each will have only the specific powers and authorities granted in this Order.

7) Members of the FPS may not participate in any manner in organizations or activities that advocate racial, gender or ethnic hatred or intolerance; advocate, create, or engage in illegal discrimination based on race, color, gender, religion, or regional origin; or use, or advocate the use of, force or violence or other unlawful means to achieve internal political goals. Violations may result in the removal of the member from employment in the FPS or the withdrawal of the authorization for the member to perform FPS responsibilities as a member of a private security firm.

Section 3
Authority of the FPS

1) Members of the FPS may, while performing their official duties, apprehend persons who (i) they witness committing or attempting to commit a criminal offense, (ii) have escaped after being lawfully arrested, or (iii) otherwise interfere with their lawful activities. Persons apprehended by the FPS must be turned over to the Iraqi police or

Coalition Forces within twelve hours of apprehension or be released.

2) Members of the FPS may, while performing their official duties, conduct reasonable searches for weapons or other dangerous or prohibited items of persons entering or within the governmental property or offices they are securing, criminal suspects in their custody, or vehicles entering or within the governmental property or offices they are securing.

3) Members of the FPS may, while performing official duties, use force against persons or things as is reasonable and necessary under the circumstances. However, the use of force that may be likely to cause death or serious bodily injury is not permitted unless the member reasonably believes that using such force is necessary to: (i) protect himself or others from the imminent use of deadly force or force likely to cause serious bodily injury, (ii) prevent the escape of a person suspected of committing murder or assault resulting in serious bodily injury, or (iii) defend ministry or governorate offices, government or state-owned infrastructure, and fixed sites under the direction and control of governmental ministries and governorate administrations, to prevent their destruction or incapacitation.

Section 4
Jurisdiction

1) Members of the FPS will be subject to Iraqi law at all times, and the courts of Iraq shall have jurisdiction over offenses alleged to have been committed by members of the FPS. The Administrator of the CPA may determine that offenses alleged to have been committed by members of the FPS while on duty may be submitted to the Central Criminal Court of Iraq in accordance with CPA Order Number 13 (Revised), The Central Criminal Court of Iraq (CPA/ORD/13 July 2003/13).

2) Members of the FPS shall enjoy immunity from civil liability for acts or omissions arising within the scope of their duties and in the conduct of authorized operations to the same degree as other governmental officials under the law of Iraq.

Section 5
Weapons

The possession of weapons by members of the FPS is regulated by CPA Order Number 3, Weapons Control Order (CPA/ORD/23 May 2003/03).

Section 6
Licensing Private Security Firms

Private firms may provide contract FPS guards to ministries or governorates under license from the Ministry of Interior. Members of the FPS from private security firms will be integrated into Governorate coordination structures.

Section 7
Administrative Instructions

The Administrator of the CPA or the Minister of the Ministry of Interior, in consultation with the CPA Director of Interior Policy, may issue Administrative Instructions consistent with this Order, prescribing all matters that are necessary or appropriate for giving effect to or carrying out the purposes of this Order.

Section 8
Entry into force

This Order shall enter into force on the date of signature.

9/4/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 28

ESTABLISHMENT OF THE IRAQI CIVIL DEFENSE CORPS

Pursuant to my authority as head of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant United Nations Security Council resolutions, including Resolution 1483(2003),

Noting that Resolution 1483 appeals to Member States to assist the people of Iraq in their efforts to reform their institutions, rebuild their country, and to contribute to conditions of stability and security in Iraq,

Understanding the need to address promptly threats to public security and stability resulting from wrongful acts or disasters,

Recognizing that continued attacks and acts of sabotage by Ba`athist remnants and terrorists intent on undermining security in Iraq necessitate the temporary establishment of an Iraqi constabulary force to operate with Coalition Forces to counter the threat and maintain security in Iraq,

I hereby promulgate the following:

Section 1
Establishment of the Iraqi Civil Defense Corps

1) The Iraqi Civil Defense Corps is established as a temporary institution, subject to a decision by an internationally recognized, representative government, established by the people of Iraq, to continue or disband the Corps.

2) The Iraqi Civil Defense Corps is a security and emergency service agency for Iraq. The Iraqi Civil Defense Corps is composed of Iraqis who will complement operations conducted by Coalition military forces in Iraq to counter organized groups and individuals employing violence against the people of Iraq and their national infrastructure.

3) In support of Coalition operations to provide security and stability to the people of Iraq, the Iraqi Civil Defense Corps is authorized to perform constabulary duties, including the following tasks: patrolling urban and rural areas; conducting operations to search for and seize illegal weapons and other contraband; providing fixed site, check point, area, route and convoy security; providing crowd and riot control; disaster response services; search and rescue services; providing support to humanitarian missions and disaster recover operations including transportation services; conducting joint patrols with Coalition Forces; and, participating in other

activities designed to build positive relationships between the Iraqi people and Coalition authorities including serving as community liaisons.

4) The Iraqi Civil Defense Corps is distinct from the Iraqi police force and the New Iraqi Army. The Iraqi Civil Defense Corps will complement the police force, but will be designed to perform operations that exceed the capacity of the police.

 a) While on duty and under the supervision of Coalition Forces, members of the Iraqi Civil Defense Corps will not be subject to the direction or control of the Iraqi Police. Except as provided herein, the Iraqi Civil Defense Corps will not have, or exercise, domestic law enforcement functions.

 b) The Iraqi Civil Defense Corps is not a component of the New Iraqi Army established by CPA Order 22, Creation of a New Iraqi Army (CPA/ORD/9 August 2003/22) and is not subject to the orders of the New Iraqi Army chain of command.

Section 2
Organization of the Iraqi Civil Defense Corps

1) The Iraqi Civil Defense Corps shall consist of active members in full-time employment, and may also include reserve members whose service will be governed by Administrative Instructions issued pursuant to this Order.

2) All Iraqis who meet the professional criteria established by applicable Administrative Instructions are eligible for selection to the Iraqi Civil Defense Corps, provided that no person involved in Ba'ath Party activity within the leadership tiers described in CPA Order Number 1, De-Ba`athification of Iraqi Society (CPA/ORD/16 May 2003/1) shall be eligible except by express decision of the CPA to grant such an exception.

3) Service in the Iraqi Civil Defense Corps is voluntary. Volunteers for service in the Iraqi Civil Defense Corps will be required to serve for a period of 12 months subject to a decision either by the CPA or by an internationally recognized, representative government, established by the people of Iraq, to discontinue the Iraqi Civil Defense Corps. No term of service may be extended without the consent of the member of the Iraqi Civil Defense Corps except in the case of a national emergency proclaimed pursuant to law.

4) The Administrator of the CPA or a designee under the terms of Section 7 below shall have final authority over the selection and appointment of members of the Iraqi Civil

Defense Corps and shall have the authority to dismiss such members on such grounds as he determines to be appropriate.

5) The terms and conditions of service and organization, including rank structure, of the Iraqi Civil Defense Corps may be further defined by Administrative Instructions, issued by the Administrator of the CPA or a designee, as may be considered necessary to give effect to the terms of this Order.

6) Members of the Iraqi Civil Defense Corps may not:

 a) be members of a political party, organization or association;

 b) participate in any activities of a political party, organization or association or recruit members for political parties or organizations;

 c) publicly state any opinion of a political nature that constitutes an effort to indoctrinate members of the Iraqi Civil Defense Corps or any other person with a political ideology or otherwise convince any person to adhere to a particular political ideology;

 d) advocate racial, gender or ethnic hatred or intolerance; advocate, create, or engage in illegal discrimination based on race, color, gender, religion, or regional origin; or use, or advocate the use of, force or violence or other unlawful means for political purposes, whether internal or international; or

 e) participate in any manner in organizations or activities that involve, promote, or practice the conduct described in Section 2(6)(c) and (d).

Nothing in this Section shall limit the right of a member of the Iraqi Civil Defense Corps to vote in elections for political office organized on a local, regional or national level. Violations may result in the removal of the member from employment in the Iraqi Civil Defense Corps.

Section 3
Authority of the Iraqi Civil Defense Corps

1) Members of the Iraqi Civil Defense Corps may, while performing their official duties, apprehend persons who (i) they witness committing or attempting to commit a criminal offense, (ii) have escaped after being lawfully arrested, or (iii) otherwise interfere with their lawful activities. Persons apprehended by the Iraqi Civil Defense Corps must be turned over to the Iraqi police or Coalition Forces within twelve hours of apprehension or be released. Members of the Iraqi Civil Defense Corps may not

interrogate, except under the direct supervision of Coalition Forces, or otherwise detain persons except as provided herein.

2) When acting under the supervision of Coalition Forces, the Iraqi Civil Defense Corps may limit access to certain areas as reasonably necessary to ensure the security of persons or property contained in or passing through such areas.

3) Members of the Iraqi Civil Defense Corps may, while performing their official duties, conduct reasonable searches for weapons or other dangerous or prohibited items (i) on persons or vehicles entering or in designated areas, (ii) on criminal suspects incident to apprehension, or (iii) when acting under the supervision of Coalition Forces, in areas or buildings where dangerous or prohibited items, including prohibited weapons, are reasonably believed to exist. Members of the Iraqi Civil Defense Corps may conduct reasonable searches at established checkpoints anywhere within Iraq and at other locations to prevent such items from being carried into, transported within, or out of designated areas.

4) Members of the Iraqi Civil Defense Corps may, while performing official duties, use force against persons or things as is reasonable and necessary under the circumstances. However, the use of force that may be likely to cause death or serious bodily injury is not permitted unless the member reasonably believes that using such force is necessary to: (i) protect himself or others from the imminent use of deadly force or force likely to cause serious bodily injury, (ii) prevent the escape of a person suspected of committing murder or assault resulting in serious bodily injury, or (iii) defend Coalition, ministry or governorate offices, government or state-owned infrastructure, and fixed sites under the direction and control of Coalition or governmental authorities, to prevent their destruction or incapacitation.

Section 4
Functioning of the Iraqi Civil Defense Corps

1) The Iraqi Civil Defense Corps shall operate under the authority of the Administrator of the CPA and shall be subject to the supervision of Coalition Forces. The Administrator of the CPA may delegate to the senior military commander of Coalition Forces in Iraq responsibility and authority for the recruiting, training, organization, and control of the Iraqi Civil Defense Corps. This responsibility and authority may be redelegated pursuant to Section 7 below.

2) Operational or tactical command of units of the Iraqi Civil Defense Corps operating with Coalition Forces shall be vested in an officer of Coalition Forces designated by the senior military commander of Coalition Forces in Iraq pursuant to Section 7 below.

3) The Iraqi Civil Defense Corps will not be deployed outside the territory of Iraq, except for training or exchange programs.

Section 5
Jurisdiction

1) Members of the Iraqi Civil Defense Corps will be subject to Iraqi law at all times and the civilian criminal courts of Iraq shall have jurisdiction over offenses alleged to have been committed by members of the Iraqi Civil Defense Corps. The Administrator of the CPA may determine that offenses alleged to have been committed by members of the Iraqi Civil Defense Corps while on duty may be submitted to the Central Criminal Court of Iraq in accordance with CPA Order Number 13 (Revised), The Central Criminal Court of Iraq (CPA/ORD/13 July 2003/13).

2) Members of the Iraqi Civil Defense Corps shall enjoy immunity from civil liability for acts or omissions arising within the scope of their duties and in the conduct of authorized operations to the same degree as other governmental officials under the law of Iraq.

Section 6
Weapons

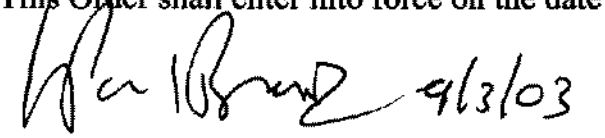
The possession of weapons by members of the Iraqi Civil Defense Corps is regulated by CPA Order Number 3, Weapons Control Order (CPA/ORD/23 May 2003/03).

Section 7
Delegation of Authority

The Administrator of the Coalition Provisional Authority may delegate responsibilities under this Order, as determined by the Administrator, to the senior military commander of Coalition Forces in Iraq. The senior military commander of Coalition Forces in Iraq may further delegate responsibilities under this Order to those under his command.

Section 8
Entry into Force

This Order shall enter into force on the date of signature.



L Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 29

AMENDMENT TO LAW OF ESTATE LEASE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting that Law No. (56) of 2000 amended the Law of Estate Lease No. (87) of 1979 to give greater rights to residential landlords to terminate leases beginning in October of 2003,

Understanding that the current economic conditions created by the former regime limit the ability of many Iraqi people to pay rent in a timely manner or incur significant increases in rental rates,

Concerned that widespread eviction of tenants will have a destabilizing effect on the security and well-being of Iraqi citizens,

Realizing that landlords can enforce rent collection through Iraqi courts,

Desiring to balance the rights and obligations between landlords and tenants in a fair manner,

I hereby promulgate the following:

Section 1
Extension of Current Leases

Article 15 of Law No. (56) of 2000, Amendment to the Law of Estate Lease No. (87) of 1979, is amended as follows:

(a) Article 15, Paragraph 2 is amended to provide that the right specified in Article 4, Paragraph 5 of the Law of Estate Lease to request an assessment of the property for the purpose of adjusting the rental rate shall not be exercisable before 16 October 2004.

(b) Article 15, Paragraph 3(A) (56) of 2000 is amended to provide that leases in existence for 12 or more years shall not be terminated, at the instance of the landlord, in the absence of other reasons authorized by law, before 16 October 2004.

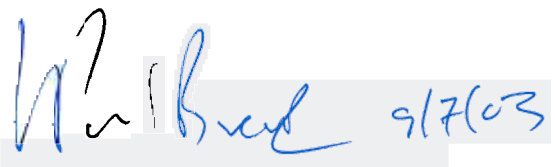
Section 2
Limitation of Eviction Remedy

1) The remedy of eviction under Article 17, Paragraph 1 of the Law of Estate Lease, as amended by Article 10 of Law No. (56) of 2000, allowing landlords to evict tenants who fail to pay rent when due, is suspended for failures to pay the rent due for any period during the months of April to December 2003 inclusive.

2) Tenants remain obligated to pay rent as it becomes due. Tenants who fail to pay rent when due violate their contractual obligations. These obligations may be enforced by recourse to the courts for the collection of such debts.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 30

REFORM OF SALARIES AND EMPLOYMENT CONDITIONS OF STATE EMPLOYEES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Understanding that the salaries of public workers under the former regime were paid through a complicated system largely composed of incentive pay that rewarded loyalty to the former regime over meritorious service,

Realizing that service in state agencies and state owned enterprises is important public service that requires appropriate compensation for efforts of workers to encourage the best qualified to choose public service,

Noting that salary and conditions of employment reform is essential to guarantee fairness within the public system to ensure that state employees receive appropriate compensation for their efforts, but also to provide incentives for meritorious service or sanctions for failure to perform appropriately,

Recognizing the need to establish a transparent system of compensation for those employed in public service,

I hereby promulgate the following:

Section 1
Definitions

"Base Salary" means base compensation for public employment exclusive of any Special Pay.

"Geographic Allowances" means any special payment made to a Public Service Employee as a result of the location the employee performs duties.

"Grade" means the position level specified for any public service position set forth in the Salary Table attached as Annex A.

"Public Service Employees" means all national government employees serving in any capacity in any national governmental agency or instrumentality including ministries, whether at the national, governorate or municipal level, and state-owned enterprises.

"Public Service Employees" does not include municipal or local employees appointed by Coalition Forces.

"Risk Allowances" means any special payment made to a Public Service Employee as result of the hazardous nature of their employment.

"Special Pay" means any special payment or incentive payment including family allowances, staff bonuses, university service allowance, scientific status allowances, qualification allowances, position allowances, vocational allowances, transportation allowances, geographic allowances, risk allowances, or any other legal compensation other than Base salary paid in connection with public service.

"Salary Table" means the table of payments of monthly salaries paid to Public Service Employees set forth in Annex A to this Order which shall be effective from 1 October 2003 until 30 September 2004.

Section 2
Purpose and Objectives

1) Salary reform for Public Service Employees is necessary to encourage the best qualified to choose careers in public service. A system of pay based upon complicated incentives lacks transparency and unfairly results in widely disparate levels of pay for the same work. The public sector salary system is reformed to foster transparency in payments and to regularize payments to ensure that individuals are compensated at comparable levels for comparable work across all areas of public service.

2) Reform of conditions of employment reform for Public Service Employees is also necessary to encourage the best qualified to choose careers in public service. The conditions of public service employment are reformed to enable the best qualified employees to rapidly advance to positions of greater responsibility, but also to allow for the removal of Public Service Employees who regularly fail to achieve the minimum standards expected of their Grade and position.

Section 3
Salary Reform

1) Effective 1 October 2003, all existing laws, regulations, orders, or other enactments establishing salaries, Special Pay, or other monetary incentives for Public Service Employees are hereby suspended. The CPA Director of Management and Budget, in coordination with the interim Minister of Finance, may grant limited exceptions to this suspension until 31 December 2003 for public agencies unable to implement this Order by the prescribed dates.

2) Effective 1 October 2003, all Public Service Employees shall be paid in accordance with the Salary Table except in cases where the CPA Director of Management and Budget has granted an exception to the implementation of this Order in accordance with Section 3(1) above or where the CPA Director of Management and Budget has authorized the public agency to implement the Salary Table prior to 1 October 2003.

3) As set forth in the Salary Table, the salary paid to an employee will be based upon the Grade of the employee as determined by the classification of the employee's position and the employee's employment Step as determined in part by the employee's length of service and in part by performance.

4) The CPA Director of Management and Budget may authorize the payment of Risk Allowances for particularly hazardous duties or Geographic Allowances. The only basis for approval of Geographic Allowances is a demonstrated history of an inability to fill the position at the authorized salary. Following the implementation of the salary reform provisions contained herein, all such Risk Allowances and Geographic Allowances must be approved by the CPA Director of Management and Budget.

5) No Base Salary of Public Service Employees for the same position will be reduced by the implementation of the salary provision of this Order. In the event a Public Service Employee's prior Base Salary for the same position is more than the amount specified in the Salary Table, the pre-existing salary of the Public Service Employee will continue to be paid. The Base Salary of such employees will not be increased until the Public Service Employee is entitled to increased compensation as defined by the Salary Table. This provision does not affect the removal of Special Pay or other incentives as detailed elsewhere in this Order.

Section 4
Implementation of Salary Reform

1) All Ministers, state owned enterprise Directors, or other heads of public agencies shall establish salary Grade classifications for existing positions within their agency in accordance with the guidelines issued by the Ministry of Finance.

2) All such salary Grade classifications will be submitted to the Ministry of Finance for review and approval prior to implementation. The Ministry of Finance may reject or revise the salary Grade classifications presented by other agencies. The salary Grade classifications of the Ministry of Finance shall be consistent with the guidelines issued by the Ministry of Finance.

3) Based on the budget of the agency and the agreed upon salary Grade classifications, total annual salary budgets will be developed by each ministry, state owned enterprise, or other agency for approval by the Ministry of Finance. The Ministry of Finance may reject or revise the total annual salary budget presented by other agencies. The total annual salary budget of the Ministry of Finance shall be consistent with the guidelines issued by the Ministry of Finance. All ministries, state owned enterprises, or other agencies shall deliver the total annual salary budget to the Ministry of Finance no later than September 15 of each year.

Section 5
Impact of De-Baathification Removals

Public Service Employees who lost their civil service positions as a result of the implementation of CPA Order 1, De-Ba`athification of Iraqi Society, are not entitled to retirement benefits.

Section 6
Reform of Conditions of Public Employment

HIRING AND PROMOTION PRACTICES

1) No ministry, governorate or municipal administration, state owned enterprise, or any other governmental agency is required to employ any person solely as a result of the person's training or qualifications. All employment decisions will be based upon the needs of the agency.

2) Persons formerly employed by a state agency have no special entitlement to resume their employment. All employment decisions will be based on the needs of the agency. Prior employment with the agency may be a factor in deciding to rehire a former employee to fill a vacancy.

3) Persons from outside the agency may be hired to fill vacancies. Hiring decisions will be based on an individual's qualifications without regard to race, religion, tribal membership, gender, or regional origin. The best-qualified person will be hired for the position.

4) Duty assignments within an agency are at the discretion of agency heads; provided, however, except as required by exigencies of the work requirements, the majority of the duties of Public Service Employees will be tasks appropriate for their employment Grade.

5) Promotions of Public Service Employees will be based upon the employee's potential for service, ability to assume more complex duties or responsibilities, and ability to perform at the higher Grade. Longevity of service, without the consideration of other qualifications, shall be an inappropriate basis for promotion.

6) Public Service Employees may only be promoted in the event there is a vacancy in the next higher Grade. Promotions in Grade prior to the occurrence of a vacancy in that Grade are not authorized.

EMPLOYMENT CONDITIONS

7) All Public Service Employees are expected to report to work in accordance with the reasonable instructions of their agency. Public Service Employees who fail to report to work without the authorization of their senior supervisor within the agency have no entitlement to be paid for days they do not work. The managers of Public Service Employees may withhold one day's pay for each day in which the employee failed to report to work for a substantial portion of the work day. One day's pay shall be calculated by dividing the total monthly pay specified in Salary Table for the employee by the number of scheduled work days in the month.

8) Public Service Employees who fail to report to work for five consecutive days or ten days in a month, except as authorized by their senior supervisor or as a result of verifiable medical incapacitation, may be dismissed from their employment. No public notice shall be required. Supervisors shall make reasonable attempts to notify employees in person. If the Supervisor cannot, through reasonable attempts, locate the employee after ten days, notice can be delivered to the employee's last known address and shall be sufficient to terminate the employment. No proof of actual notice shall be required. Public Service Employees may appeal such a dismissal in accordance with the procedures specified in Section 7.

9) Senior agency officials may withhold Step increases in salary in the event the performance of the employee does not meet reasonable expectations of performance for the position held. Public Service Employees whose Step increases are withheld under this provision may appeal this determination to the Ministry of Finance or in accordance with the procedures specified in Section 7.

10) Managers and agency heads will exercise oversight and control over the implementation of this Order to ensure fairness within the system. Employees who fail to adhere to the rules set forth herein may fail to meet the reasonable expectations of performance described above and may be subject to disciplinary measures.

Section 7
Procedure to Address Complaints

Public Service Employees may seek redress for adverse managerial actions inconsistent with this Order under the procedures described in Civil Service Law (13) of 1991.

Section 8
Administrative Instructions

The CPA Director of Management and Budget or interim Minister of the Finance, with the concurrence of the CPA Director of Management and Budget, may issue such Administrative Instructions as are necessary to carry out the purposes of this Order.

Section 9
Inconsistent Legislation

Any portion of legislation inconsistent with any of the provisions of this Order is hereby suspended to the extent necessary to implement the provisions of this Order.

Section 10
Entry into Force

This Order shall enter into force on the date of signature.

9/8/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

ORDER NUMBER 30
ANNEX A

REFORM OF SALARIES AND EMPLOYMENT CONDITIONS OF STATE EMPLOYEES

Salary Table

Monthly Salary Amounts in Thousands of Iraqi Dinars (000)

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
SUPER A	2250	2233	2316	2400	2483	2566	2650	2733	2817	3000
SUPER B	1500	1583	1666	1750	1833	1916	1999	2083	2166	2249
1	740	760	780	800	820	840	860	880	900	920
2	574	589	605	620	636	651	667	682	698	713
3	444	456	468	480	492	504	516	528	540	552
4	342	352	361	370	379	389	398	407	416	426
5	264	271	278	285	292	299	306	314	321	328
6	204	209	215	220	226	231	237	242	248	253
7	157	162	166	170	174	179	183	187	191	196
8	125	128	132	135	138	142	145	149	152	155
9	102	105	107	110	113	116	118	121	124	127
10	83	86	88	90	92	95	97	99	101	104
11	69	71	73	75	77	79	81	83	84	86

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 31

MODIFICATIONS OF PENAL CODE AND CRIMINAL PROCEEDINGS LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that instances of kidnapping, rape, and forcible vehicle larceny represent a serious threat to the security and stability of the Iraqi population,

Understanding that attacks of looting or sabotage against critical electrical power and oil infrastructure facilities undermine efforts to improve the condition of the Iraqi people,

Noting that the denial of pretrial bail in certain cases and lengthy jail sentences represent deterrents to such conduct,

I hereby promulgate the following modifications of the Penal Code and Criminal Proceedings Law:

Section 1
Definitions

1) "Means of Transportation" are motorized vehicles used for the movement of persons or goods including, automobiles, trucks, motorcycles, tractors, aircraft, ships, boats, or barges,

2) "Penal Code" means the Penal Code Law No. (111) of 1969 as amended including Law (1) 2002 and CPA Order Number 7, Penal Code, CPA/ORD/9 June 2003/07,

3) "Criminal Proceedings Law" means Criminal Proceedings Law No. 23 of 1971 as amended including amendments contained in CPA Memorandum Number 3, Criminal Procedures, CPA/MEM/18 June 2003/03.

Section 2
Modifications of Sentences for Kidnapping

1) The penalties for kidnapping offenses set forth in the Penal Code Paragraphs 421, 422, and 423 are hereby modified to provide a maximum punishment of life imprisonment for each offense. Sentences for the commission of kidnapping offenses may not be reduced as a result of mitigating circumstances pursuant to Paragraph 130 of the Penal Code. The maximum sentence limitation of Paragraph 87 of the Penal

Code shall not apply to the specified kidnapping offenses. For the purposes of this modification, sentences of life imprisonment shall mean the remaining natural life of the person.

2) Penal Code Paragraphs 426 (1) and 426 (2) providing for the further mitigation of the sentence for kidnapping offenses is hereby suspended. Cooperation following the offense shall serve as a mitigating factor to be considered by the trial judge in determining the sentence.

3) Penal Code Paragraph 427 providing for the cessation of actions in the event the offender marries the victim is hereby suspended.

Section 3
Modifications of Sentences for Rape and Indecent Assault

1) The penalties for the offenses of rape and sexual assault set forth in Penal Code Paragraph 393 are hereby modified to provide a maximum punishment of life imprisonment. The maximum sentence limitation of Paragraph 87 of the Penal Code shall not apply to the offenses specified in Paragraph 393. For the purposes of this modification, sentences of life imprisonment shall mean the remaining natural life of the person.

2) The penalties for the offense of indecent assault set forth in Penal Code Paragraph 396 are hereby modified to provide a maximum punishment of fifteen years imprisonment.

Section 4
Modifications of Sentences for Offenses Involving Damage to Public Utilities or Oil Infrastructure

1) The penalties for wrecking, destroying or otherwise damaging water, electricity, or oil installations or other public utilities set forth in Penal Code Paragraph 353 (1), whether or not such damage could or does lead to the closure of an installation, are hereby modified to provide a maximum punishment of life imprisonment.

2) The maximum sentence limitation of Paragraph 87 of the Penal Code shall not apply to the offenses specified in Paragraph 353. For the purposes of this modification, life imprisonment shall mean the remaining natural life of the person. Persons convicted of committing these offenses shall not be eligible for Conditional Discharge as set forth in Paragraph 331 of the Criminal Proceedings Law.

Section 5
Modifications of Sentences for Theft Offenses Involving Means of Transportation

1) The penalties for theft under the aggravating factors specified in Paragraphs 440 through 443 of the Penal Code are hereby modified to provide a maximum punishment of life imprisonment if the offense involves the use of force to commit the theft of a Means of Transportation.

2) The maximum sentence limitation of Paragraph 87 of the Penal Code shall not apply to offenses involving the use of force to commit the theft of a Means of Transportation. For the purposes of this modification, sentences of life imprisonment shall mean the remaining natural life of the person.

Section 6
Modifications to Bail Arrangements

Notwithstanding the bail provisions contained in Paragraph 109 of the Criminal Proceedings Law No. 23 of 1971 the reviewing judge may order a person suspected of committing an offense punishable by life imprisonment to be held without bail until trial.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 32

LEGAL DEPARTMENT OF THE MINISTRY OF JUSTICE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that international litigation, claims and arbitrations involving the Government of Iraq and its agencies, instrumentalities and companies continue;

Noting that these cases may result in significant adverse judgments, decisions or awards draining the resources of the people of Iraq, or in judgments or awards vindicating their claims or defenses;

Recalling that the Legal Department of the Office of the Council of Ministers managed these cases in the former regime;

Acknowledging that the Legal Department of the Office of the Council of Ministers can continue this task with the appropriate support from the Ministry of Justice;

I hereby promulgate the following:

Section 1
Purpose

This Order transfers the entity responsible for management of international litigation, claims and arbitrations involving the Government of Iraq and its governmental agencies, instrumentalities and companies from the previous regime's Office of the Council of Ministers to the Ministry of Justice. This action is necessary to, among other things, preserve rights and respond to judicial actions in foreign courts, international arbitrations, claims and other proceedings.

Section 2
Transfer of Responsibility

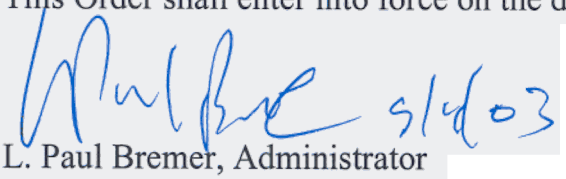
1) The Legal Department of the Office of the Council of Ministers, its personnel and all of its authorities and responsibilities shall be transferred to the Ministry of Justice. It shall be renamed the Legal Department of the Ministry of Justice and shall be headed by a Director General. Upon completion of the transfer, the Legal Department will begin the task of resuming the management of the international litigation, claims and arbitrations described in this Order.

2) The Ministry of Justice shall accept the Legal Department's current personnel and provide them with salaries and benefits commensurate with their positions and experience at the Office of the Council of Ministers, including any such salaries and benefits due since June 30, 2003.

3) The Legal Department, acting in coordination with the CPA, shall be responsible for managing international litigation, claims, and arbitrations, involving the Government of Iraq and its governmental agencies, instrumentalities and companies. The Minister of Justice may assign additional responsibilities to the Legal Department, provided that such responsibilities do not disrupt its principal task set forth herein.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

UI-03808-42

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 33

MINISTRY OF MUNICIPALITIES AND PUBLIC WORKS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that in order to further the rehabilitation of Iraq, a ministerial-level organization is needed to coordinate activities surrounding the revitalization of the municipalities and the public works infrastructure of Iraq,

Understanding that to accurately reflect the importance of projects involving municipalities of Iraq, the present Ministry of Public Works should be renamed to accurately reflect its mission of coordinating programs involving municipalities in addition to general public works projects within Iraq,

I hereby promulgate the following:

Section 1
Renaming of the Ministry of Public Works

The Ministry of Public Works is hereby renamed the Ministry of Municipalities and Public Works.

Section 2
References in Previous Orders, Regulations and Memoranda

All references in previous orders, regulations, and memoranda to the Ministry of Public Works shall be deemed to refer to the Ministry of Municipalities and Public Works.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

9/8/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 34

AMENDMENT TO COALITION PROVISIONAL AUTHORITY ORDER NUMBER 2 (CPA/ORD/23 May 2003/02)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the law and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing the previous functions of the Board of Supreme Audit, pursuant to the Board of Supreme Audit Law (Law No. 6, (1990)) in providing auditing services needed to monitor governmental financial transactions, and

Noting that internal audits are a critical component of a transparent financial management program,

I hereby promulgate the following:

Section 1
Continuance of Board of Supreme Audit

Notwithstanding any provision of CPA Order Number 2, Dissolution of Entities (CPA/ORD/23 May 2003/02) to the contrary, the Board of Supreme Audit shall not be considered a "Dissolved Entity," as defined in CPA Order Number 2, and shall continue to exist and perform the functions that it performed as of April 16, 2003.

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

9/13/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 35

RE-ESTABLISHMENT OF THE COUNCIL OF JUDGES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and the laws and usages of war,

Noting that, prior to the changes made by the former regime, Iraq had a functioning Council of Judges that administered the judicial and prosecutorial systems to insure that judges and public prosecutors were appointed from among persons enjoying the highest reputation for fairness and integrity and of recognized competence of law, and that the judicial system exercised its authority in accordance with the rule of law, and

Recognizing that a key to the establishment of the rule of law is a judicial system staffed by capable persons and free and independent from outside influences.

I hereby promulgate the following:

Section 1
Purpose

This Order re-establishes the Council of Judges ("the Council"), which is charged with the supervision of the judicial and prosecutorial systems of Iraq. The Council shall perform its functions independently of the Ministry of Justice.

Section 2
Membership

1) The following officials shall serve as members of the Council:

Chief Justice of the Supreme Court (President of the Council)
The Deputy Chief Justices of the Supreme Court
Director-General of the State Council Assembly
Director-General, Office of Public Prosecution
Director-General, Legal Supervision Office
Director-General, Administration, if such person is a Judge or Prosecutor
Presidents of the Appellate Courts

2) The Council shall also have a Secretary-General, who shall be selected by the President of the Council. The Secretary-General shall perform administrative functions for the Council, together with such additional employees as the Council and the Ministry of Finance may deem appropriate.

3) The President of the Council shall be the Chief Justice of the Supreme Court. The Vice President of the Council shall be selected by the Council from the Deputy Chief Justices of the Supreme Court.

Section 3
Duties

1) The Council shall have the following specific duties:

a) To provide administrative oversight of all the judges and all public prosecutors, excluding, however, the members of the Supreme Court.

b) To investigate allegations of professional misconduct and incompetence involving members of the judiciary or public prosecutors, and, when appropriate, to take appropriate disciplinary or administrative measures against members of the judiciary or public prosecutors, including but not limited to, removing a judge or prosecutor from office, including the members of the Supreme Court.

c) To nominate capable persons as required to fill judicial vacancies or public prosecutor vacancies, and to recommend their appointment.

d) To promote, advance, upgrade, and transfer judges and prosecutors.

e) To assign or reassign judges and prosecutors to hold specific judicial and prosecutorial posts as provided for in the Law of Judicial Organization (Law No. 160 (1979)) and the Law of Public Prosecution (Law No. 159(1979)).

2) The Council shall have such other duties as may be determined from time to time by law.

Section 4
Meetings

1) The Council shall conduct regular meetings at least monthly. The President of the Council may call special sessions of the Council when needed to conduct necessary business.

2) A quorum shall require at least three-fourths of the membership of the Council and the presence of either the President or the Vice-President of the Council. Decisions of the Council will be by majority vote of those members present.

Section 5
Disciplinary and Professional Standards Committee

1) The Council shall appoint a Disciplinary and Professional Standards Committee ("the Committee") of at least three (3) members from its own membership. The Committee shall investigate allegations of misconduct and incompetence by members of the judiciary and public prosecutors, and shall make appropriate decisions concerning disposition of those allegations, including but not limited to, the removal of that judge or prosecutor from office if the allegations are substantiated.

2) Any judge or prosecutor adversely affected by a decision of the Committee may appeal the decision to the Council within thirty (30) days from the date of the decision of the Committee. The decision of the Council on the appeal shall be final and conclusive, and no further appeal is authorized.

3) The Director General of Public Prosecutions shall also have the right to appeal any decision made by the Committee to the Council, within thirty (30) days from the date of the decision of the Committee.

Section 6
Independence of the Council

1) The Council shall perform its duties and responsibilities independently of any control, oversight, or supervision by the Ministry of Justice. To the extent that provisions of Iraqi law, specifically the Law of Judicial Organization (Law No. 160 (1979) and the Law of Public Prosecution (Law No. 159) (1979)) conflict with the provisions of this Order, those provisions of Iraqi law are suspended.

2) The Council of Judges shall take the place of the Council of Justice that was previously established by the Judicial Organization Law (Law No. 160) (1979) in so far as the Council of Justice exercised any authority over any judge or prosecutor. All administrative oversight of the judges and prosecutors shall now rest only with the Council of Judges. The Council of Justice shall continue in existence, but shall have no jurisdiction over any prosecutor or judge.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

9/15/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 36

REGULATION OF OIL DISTRIBUTION

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that the theft and smuggling of the natural resources of Iraq are crimes that affect the wellbeing and future of all Iraqis;

Noting the complexity of the past regime's laws, regulatory provisions and instructions in the field of oil distribution, and the inconsistency and irregularity of their enforcement;

Determined to act decisively to tackle the theft and smuggling of natural resources pending the outcome of a full review of current Iraqi laws, provisions and instructions;

Resolved to provide the Coalition Forces with an easily accessible and ascertainable regulatory code with which to support the Iraqi authorities in the lawful distribution of oil into, out of and throughout Iraq;

hereby promulgate the following:

Section 1
Definitions

1) *Authorization* means any written approval, authority, certificate, license, contract or other order issued by the Ministry of Oil, the Oil Products Distribution Company, the State Oil Marketing Organization, and the recognized representative regional organizations or companies of those bodies, the Coalition Provisional Authority, the Commander Coalition Forces, and in relation to fishing vessels the Iraqi Port Authority. *Authorize* and *authority* and all cognate and derivative words shall be construed accordingly.

2) *Benzene* is also known as petrol and gasoline.

3) *Cargo Fuel* means fuel transported by any vehicle or vessel which is not being used or is not intended for use as fuel by that vehicle or vessel.

4) *Confiscation Order* means CPA Order Number 25, Confiscation of Property Used in or Resulting from Certain Crimes.

5) *Criminal Proceedings Law* means Law of Criminal Proceedings Number 23 of 1971, as modified by CPA Orders and Memoranda.

6) *Customs Law* means Customs Law Number 23 of 1984, as amended.

7) *Diesel* see gasoil.

8) *Fuel* means crude oil, residue crude, oil products including for example diesel, kerosene, liquid petroleum gas, benzene.

9) *Gasoil* is also known as diesel.

10) *Gasoline* see benzene.

11) *Interdiction* means the stopping, search, arrest and the initial questioning of a suspect.

12) *Penal Code* means the Iraqi Penal Code Law Number 1 of 1969, as amended by CPA Orders and Memoranda.

13) *Petrol* see benzene.

14) *Port of Entry* means a designated land, sea or air point of entry or exit manned by Border Enforcement staff.

15) *Regulatory Offense* means a contravention of a Regulation under this Order.

16) *Territorial Jurisdiction* includes the territorial sea and all internal waters.

Section 2
Regulatory Code

1) There is hereby created the Regulatory Code for Oil Distribution. The Code is set out at the Annex.

2) The Regulatory Code may be amended from time to time by the Administrator of the Coalition Provisional Authority or his delegate.

3) It shall be a punishable offense to contravene a regulation in the Regulatory Code created under this Order.

4) The Regulatory Code is applicable to all vessels, vehicles and persons within the territorial jurisdiction of Iraq.

Section 3
Interdiction and Investigation

1) Interdiction of suspects may be carried out by Iraqi Police, Border Police, Customs Police, Customs officials, New Iraqi Army elements when duly authorized, Iraqi Civil Defense Corps and Coalition Forces.

2) The Iraqi Police, Border Police, Customs Police and Coalition Forces are competent authorities to investigate regulatory offenses and to refer cases to the customs courts or criminal courts for prosecution. Customs officials shall pass suspects to Police authorities for investigation.

Section 4
Jurisdiction

1) For a contravention of a regulation the offender may be tried either in the customs courts or in the criminal courts.

2) Where practicable an offender, in the first instance, should be brought before an Investigative Judge in the customs court.

3) Notwithstanding the primacy of jurisdiction accorded to customs courts at paragraph 2 above, an Investigative Judge in the criminal court may investigate a regulatory offense.

4) Where the description of the offense could lead to a charge either as:

 a) A regulatory offense under this Order, triable in a criminal or customs court; or
 b) A criminal offense under the Iraqi Penal Code, triable in a criminal court; or
 c) A customs offense under the Customs Law, triable in a customs court,

 then it shall be open to an Investigative Judge to formulate the charge under the most appropriate Code or Law and to transfer the case to the appropriate court.

Section 5
Penalties

A person convicted of an offence under this Order is punishable with a term of detention not exceeding six months or a fine. The level of the fine shall not exceed five times the value of the cargo fuel. The penalties may be doubled for a second or subsequent offense. Following a conviction the court shall order the confiscation of

any property used in the commission of the offense or obtained as a result of the offense, unless the rights of others who have acted in good faith, including a purchaser for value, would thereby be prejudiced. Confiscated property shall be dealt with in accordance with CPA Order Number 25. Fines shall be remitted to the Ministry of Finance.

Section 6
Application of Existing Law

) The Regulatory Code introduced under this Order supplements the Penal Code and the Customs Law.

2) No description of, or penalty for, a regulatory offense described in this Order shall alter the offenses described in the Penal Code or Customs Law, or vary the sentencing guidelines in those laws for the offenses described therein.

3) This Order operates in conjunction with and does not supersede CPA Order Number 25. A confiscation hearing shall be convened in relation to property used or intended for use in the contravention of any regulation under this Order, and to property acquired through or as a result of the contravention of any regulation under this Order. For the purposes of applying the Confiscation Order to regulatory offenses, the words "criminal offense" in that Order shall be deemed to include a regulatory offense in this Order.

4) For any proceedings in relation to a regulatory offense, the customs and criminal courts shall use the rules of evidence and procedure set out in the Criminal Proceedings Law and the criminal provisions set out in the Iraqi Penal Code as they would for any proceedings before them.

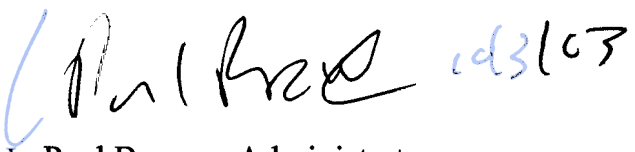
5) This Order operates in conjunction with and does not supersede CPA Order No. 17.

Section 7
Expiration of Order

This Order will cease operation nine months from the date of entry into force unless otherwise extended by the Administrator.

Section 8
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

REGULATORY CODE for OIL DISTRIBUTION

Regulations for Road Tankers

1 It shall be prohibited for a road tanker driver to transport cargo fuel without a valid voucher or export/import manifest issued by a proper authority or the lawful owner of the cargo fuel.

2. It shall be prohibited for the road tanker to be loaded with cargo fuel at any place other than that listed in the valid voucher or manifest.

3. It shall be prohibited for the road tanker to be unloaded of its cargo fuel at any place other than an authorized delivery point. An authorized delivery point is the destination listed in the valid voucher or manifest, or an authorized depot or delivery point to which a road tanker may be diverted by the proper authorities.

4. It shall be prohibited for a person to distribute or download cargo fuel from a road tanker other than to the owner, operator or agent of the facility listed on the valid voucher or manifest.

5. It shall be the duty of the driver of a road tanker importing cargo fuel into Iraq to enter the country only at a designated Class A Port of Entry.

6. It shall be the duty of the driver of a road tanker exporting cargo fuel from Iraq to leave the country only at a designated Class A Port of Entry. .

7. It shall be prohibited for a road tanker driver, without reasonable excuse, to deliver cargo fuel outside the following time limits :

 a) The same day if loading and delivery points are within the same governorate;
 b) 24 hours if the loading and delivery points are in adjacent governorates;
 c) 48 hours for all other deliveries within Iraq.

Regulations for All Vehicle Drivers

8. It shall be prohibited for the driver of any vehicle to cross the border from Iraq to a neighboring country with fuel for that vehicle's own consumption in excess of quantities prescribed by the Oil Products Distribution Company from time to time and published in local branches.

Regulations for Fishing Vessels

9. It shall be prohibited for a fishing vessel to receive fuel except for consumption by that vessel.

10. It shall be prohibited for a fishing vessel to receive fuel without authorization.

11. It shall be prohibited for a fishing vessel to receive fuel in excess of its authorized periodic allocation.

12. It shall be prohibited for a fishing vessel to sell, trade or in any way distribute or offload fuel from that vessel other than for reasons of safety or *force majeure*.

Regulations for Vessels

13. It shall be prohibited for the master or owner of any vessel, or any other person on board the vessel, to load or unload fuel other than at jetties or fuelling points designated by the proper authorities.

14. It shall be prohibited for the master or owner of any vessel, or the person having conduct of the vessel's navigation, to transport cargo fuel without authorization.

Regulations for Service Station Owners and Managers

15. It shall be the duty of a service station owner or manager to transfer the cargo fuel specified in the valid voucher or manifest from a road tanker into that service station's fuel storage tanks.

16. It shall be the duty of a service station owner or manager to keep an up-to-date, true and accurate record of each cargo fuel delivery, to sign for the delivery on the voucher or manifest, and to make periodic reports prescribed by the Oil Products Distribution Company.

17. It shall be prohibited for a service station owner or manager without specific authorization to transfer or cause to be transferred, under a sale transaction or otherwise, benzene or gasoil into any jerry can, container, canister, drum, barrel, bowser or any other receptacle.

Fuel Sales

18. It shall be prohibited for any person to sell any fuel within the territorial jurisdiction of Iraq without authorization.

Fuel Limits for Private Consumption

19. It shall be prohibited for a member of the public without reasonable excuse or authorization to transport, carry, hold, possess or control fuel for private consumption in excess of the following quantities:

- benzene	150 liters
- kerosene	1000 liters
- gasoil	1000 liters

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 37

TAX STRATEGY FOR 2003

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Determined to create conditions suited to the economic reconstruction of Iraq,

Noting that the Tax Commission has not been operational,

Determined to complete a broad review of taxes in Iraq, in order to improve the operation and efficiency of the tax system,

Recognizing that these collections are for the benefit of the Iraqi people, and, as far as possible, are in accordance with the rules of assessment and incidence in effect under existing law,

Recognizing that until such a review is completed an interim tax strategy for the remainder of the year 2003 is required,

I hereby promulgate the following:

Section 1
Definition

For the purposes of this Order "tax" means any tax or charge having the effect of a tax, including, without limitation, any income, value added, ad valorem, estate, occupational, professional, real property or municipal tax, and any levy, duty, withholding or fee.

Section 2
Suspension of Taxes

Subject to Section 6 of this Order, the following taxes are suspended from April 16, 2003 to the end of calendar year 2003:

a) All income tax for assessed income resources detailed in Article 2 of Income Tax Law Number 113 of 1982;

b) Real property rent tax in accordance with Law Number 162 of 1959, as amended;

c) All other taxes not specifically identified in Section 3 below.

Section 3
Specified Taxes

1) The following specified taxes shall continue in force, and shall be levied for the remainder of the calendar year 2003:

 a) Excellent and first class hotel and restaurant tax in accordance with Resolution Number 36 of 1997;

 b) Tax upon the transfer of real property in accordance with Resolution Number 120 of 2002;

 c) Car sale fee in accordance with Resolution Number 80 of 1998 and previous relevant laws in force;

 d) Petrol excise duties including, but not limited to, those provided for in Law Number 9 of 1939, Resolution Number 82 of 1996 and the Order Number 66 of 1999 issued by the Economic Affairs Committee.

2) The taxes specified in paragraph 1 above shall not apply to the following persons or entities:

 a) Coalition Provisional Authority;
 b) Coalition Forces;
 c) Forces of countries, their contractors and sub-contractors, acting in coordination with Coalition Forces;
 d) Coalition contractors and sub-contractors, as defined in CPA Order Number 17, who supply goods directly to or on behalf of the Coalition Provisional Authority and Coalition Forces;
 e) Departments and agencies of Coalition Forces' governments, and their contractors and sub-contractors that are providing technical, material, financial and human resource assistance to Iraq;
 f) Governments, international organizations, and not-for-profit organizations providing technical, material, financial and human resource assistance to Iraq;
 g) Members of the above categories to whom goods are consigned or by whom goods are imported for their personal use.

Section 4
Income Tax Rates in Future Years

The highest individual and corporate income tax rates for 2004 and subsequent years shall not exceed 15 percent.

Section 5
Tax Procedures

Notwithstanding any other provision in this Order, the tax laws as set out in existing Iraqi law, including those detailed in Tax Law Number 113 of 1982, with regard to the tax procedures, including tax rates, the system of collection, enforcement procedures, appeals, and the imposition and rate of penalties and interest for non-payment or late payment of taxes, shall remain in force unless or until amended by the Administrator of the Coalition Provisional Authority or an internationally recognized, representative government of Iraq.

Section 6
Retention of Collected Taxes

Taxes that have already been paid to the government or otherwise held by the government shall remain government property and are not liable to be returned to the taxed party.

Section 7
Relation to Existing Law

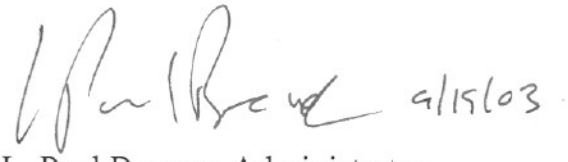
In order to give effect to this Order, all existing Iraqi law which is inconsistent with this Order is hereby suspended.

Section 8
Administrative Instructions

The Administrator of the Coalition Provisional Authority or his delegee may issue Administrative Instructions to give effect to this Order.

Section 9
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 38

RECONSTRUCTION LEVY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Determined to improve the standard of living for the Iraqi people,

Recognizing that the effective administration of Iraq requires funding for improvements to its infrastructure and capital public investment,

Recognizing the role of international trade in the development of a free market economy in Iraq,

Noting that tariffs and trade restrictions were suspended under CPA Order Number 12,

I hereby promulgate the following:

Section 1
Imposition of Reconstruction Levy

1) Notwithstanding CPA Order Number 12 or any other CPA Order suspending a tax, levy, duty, charge, withholding, fee or tariff, there shall be created a levy known as the Reconstruction Levy.

2) For the purpose of calculating the Reconstruction Levy, the taxable value of goods shall consist of their total customs value assessed in accordance with international practice.

3) The Reconstruction Levy shall be imposed at a rate of 5% of the taxable value of goods. The revenues from the Reconstruction Levy shall be used only to assist the Iraqi people and support the reconstruction of Iraq. It shall expire two years from the date that this Order enters into force.

4) Unless exempted under this Order, the Reconstruction Levy shall be imposed on all goods imported into Iraq from all countries beginning 1 January 2004.

Section 2
Exemptions

1) The following goods shall be exempt from the Reconstruction Levy:

 a. Food.
 b. Medicines and medical equipment.
 c. Clothing.
 d. Books.
 e. Goods imported to be delivered as humanitarian assistance to the people of Iraq or in support of reconstruction of Iraq.
 f. Imports of the type exempted under the Vienna Conventions on Diplomatic Relations of 1961 and Consular Relations of 1963 and imports exempted under the Convention on the Privileges and Immunities of the United Nations.
 g. Goods imported by the United Nations, other international organizations, not-for-profit organizations, or foreign governments to be used or distributed for the public benefit as defined in Administrative Instructions.

2) The Reconstruction Levy shall not apply to the following persons or entities:

 a) Coalition Provisional Authority;
 b) Coalition Forces;
 c) Forces of countries, their contractors and sub-contractors, acting in coordination with Coalition Forces;
 d) Coalition contractors and sub-contractors, as defined in CPA Order Number 17, who supply goods directly to the Coalition Provisional Authority and Coalition Forces;
 e) Departments and agencies of Coalition Forces' governments, and their contractors and sub-contractors that are providing technical, material, financial, human resource assistance to Iraq;
 f) Governments, international organizations and not-for-profit organizations providing technical, material, financial and human resource assistance;
 g) Members of the above categories to whom goods are consigned or by whom goods are imported for their personal use.

3) The Reconstruction Levy shall not apply to imports under the Oil for Food contracts.

4) Administrative Instructions may be issued under this Order further defining exempt goods in this Section and exempting defined persons and entities from payment of the Reconstruction Levy.

Section 3

Implementation of Order

1) The Administrator of the Coalition Provisional Authority or his delegee may issue Administrative Instructions to give effect to this Order.

2) All existing Iraqi law which is inconsistent with this Order is hereby suspended.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

5/15/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 39

FOREIGN INVESTMENT

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Noting that facilitating foreign investment will help to develop infrastructure, foster the growth of Iraqi business, create jobs, raise capital, result in the introduction of new technology into Iraq and promote the transfer of knowledge and skills to Iraqis,

Recognizing the problems arising from Iraq's legal framework regulating commercial activity and the way in which it was implemented by the former regime,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social functions and normal transactions of every day life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of the U.N. Security Council Resolution 1483,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1
Definitions

1) "*Administrator"* means the Administrator of the Coalition Provisional Authority.

2) *"Business entity*" means any entity constituted or organized by law of any country, including, but not limited to, any corporation, partnership, joint venture, firm, enterprise, State-owned enterprise, organization, or other similar entity.

3) *"Foreign investment"* means investment by a foreign investor in any kind of asset in Iraq, including tangible and intangible property, and related property rights, shares and other forms of participation in a business entity, and intellectual property rights and technical expertise, except as limited by Section 8 of this Order.

4) "*Foreign investor*" means (a) a business entity constituted or organized under the law of a country other than Iraq; (b) a natural person who is (i) a national of a country other than Iraq, (ii) a stateless person not residing permanently in Iraq, or (iii) a national of Iraq residing permanently outside of Iraq; or (c) a business entity constituted or organized by any of the above under the law of Iraq; that is making or has made an investment in Iraq.

5) "*Iraqi investor*" means (a) a business entity constituted or organized under the law of Iraq other than by a foreign investor; or a natural person who is (i) a national of Iraq residing permanently in Iraq, or (ii) a stateless person residing permanently in Iraq; that is making or has made an investment in Iraq.

Section 2
Purposes

This Order promotes and safeguards the general welfare and interests of the Iraqi people by promoting foreign investment through the protection of the rights and property of foreign investors in Iraq and the regulation through transparent processes of matters relating to foreign investment in Iraq. This Order specifies the terms and procedures for making foreign investments and is intended to attract new foreign investment to Iraq.

Section 3
Relation to Existing Iraqi Law

1) This Order replaces all existing foreign investment law.

2) This Order is subject to revision by the Administrator, or to adoption or replacement by an internationally recognized, representative government established by the people of Iraq.

3) Future Orders or other guidance will be issued concerning various sectors of the economy.

Section 4
Treatment of Foreign Investors

1) A foreign investor shall be entitled to make foreign investments in Iraq on terms no less favorable than those applicable to an Iraqi investor, unless otherwise provided herein.

2) The amount of foreign participation in newly formed or existing business entities in Iraq shall not be limited, unless otherwise expressly provided herein.

Section 5
Trade Offices & Branches

A foreign investor may open trade representation offices and branches in Iraq; such offices and branches shall be registered with the Iraqi Registrar of Companies.

Section 6
Areas of Foreign Investment

1) Foreign investment may take place with respect to all economic sectors in Iraq, except that foreign direct and indirect ownership of the natural resources sector involving primary extraction and initial processing remains prohibited. In addition, this Order does not apply to banks and insurance companies.

2) Foreign investment may take place in all parts of Iraq.

3) A foreign investor shall be prohibited from engaging in retail sales, unless at least 30 days prior to engaging in such retail sales such foreign investor deposits $100,000 in a non-interest-bearing account in a properly licensed Iraqi bank located in Iraq pursuant to procedures to be promulgated by the Ministry of Trade. Once a deposit is made pursuant to its procedures, the Ministry of Trade shall issue documentation to the foreign investor reflecting the authorization to engage in such retail sales. Such deposit must be maintained during the entire time that the foreign investor is engaged in retail sales; provided however, it shall be returned upon the request of the foreign investor at the completion of the retail sales activity.

Section 7
Implementing Foreign Investment

1) A foreign investor may implement foreign investment using, among other things, freely convertible currencies or Iraqi legal tender, in the following forms:

 a) establishing a wholly foreign-owned business entity in Iraq, including as a subsidiary of a foreign investor;

 b) establishing a business entity jointly with an Iraqi investor;

 c) establishing a branch office, as set forth in Section 5 herein; and

 d) directly acquiring an investment.

2) A foreign investor shall be authorized to:

 a) possess, use, and dispose of its investments;

 b) manage or participate in managing a business entity;

 c) transfer its rights and obligations to other persons in accordance with the law;

 d) transfer abroad without delay all funds associated with its foreign investment, including:

 i) shares or profits and dividends;

 ii) proceeds from the sale or other disposition of its foreign investment or a portion thereof;

 iii) interest, royalty payments, management fees, other fees and payments made under a contract; and

 iv) other transfers approved by the Ministry of Trade;

 e) exercise any other authority conferred upon it by law.

3) The Finance Minister and the Minister of Planning may jointly issue regulations to assist in the implementation of this Order.

Section 8
Use of Real Property

1) After the date of this Order, unless otherwise permitted by law, a foreign investor or a business entity with any level of foreign investor participation may not under any circumstances purchase the rights of disposal and usufruct of private real property.

2) The duration of any license to use property shall be determined by the duration of operations related to the foreign investment. The initial term of a license shall not exceed 40 years, but may be renewed for further such periods. Licenses may be reviewed by the internationally recognized, representative government established by the people of Iraq upon its assumption of the responsibilities of the CPA.

3) If a business entity that is owned or controlled by a foreign investor or foreign investors is dissolved before the expiration of the license or lease, then the license or lease shall be terminated at the time of such dissolution.

Section 9
Insurance

A foreign investor shall be permitted to obtain insurance coverage for all aspects of its operation from any foreign or Iraqi source deemed appropriate by the foreign investor.

Section 10
Dispute Settlement

Disputes between a foreign investor and an Iraqi investor pertaining to investment in Iraq, or between a foreign investor and an Iraqi legal or natural person, shall be resolved in accordance with the dispute resolution provisions contained in any applicable written agreement governing the relationship between the parties. The parties may elect in any agreement to utilize the arbitration mechanisms outlined in Iraqi law.

Section 11
Dissolution of Entities

1) Within 14 days from the date of adopting a resolution or other instrument terminating the operations of a business entity that is owned or controlled by a foreign investor or foreign investors, the business entity with foreign investment shall submit the resolution or other instrument to the Iraqi Registrar of Companies.

2) Upon termination of operations and dissolution of the business entity with any level of foreign investment, any such foreign investor shall, consistent with Section 7 of this Order, have the right to transfer profits from the sale or liquidation to any foreign location, or as provided in a written agreement between the foreign investor and an Iraqi investor, provided that all amounts owed by such business entity to the government of Iraq and all Iraqi creditors have been paid in advance of the transfer.

Section 12
Tax Treatment

The Administrator may issue further orders to address the tax treatment of income derived from a foreign investment that is reinvested in a business entity in Iraq.

Section 13
Treatment of Investors

No legal text that impedes the operation of this Order shall hold and all investors, foreign and Iraqi, shall be treated equally under the law, except as otherwise specifically provided in this Order.

Section 14
International Agreements

Where an international agreement to which Iraq is a party provides for more favorable terms with respect to foreign investors undertaking investment activities in Iraq, the more favorable terms under the international agreement shall apply.

Section 15
Evasion

Violations of Sections 6(3) and 8(1) of this Order may serve as a basis for suspension or cancellation of the rights of a foreign investor in Iraq that arise under this Order.

Section 16
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 40

BANK LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to improve the conditions of life, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security through stable financial markets,

Recognizing the problems arising from Iraq's legal framework regulating banking activities and the way in which it was implemented by the former regime,

Further recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social functions and normal transactions of every day life,

Recalling that U.N. Security Council Resolution 1483 (2003) called upon the CPA to promote economic reconstruction and the conditions for sustainable development,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of the U.N. Security Council Resolution 1483,

I hereby promulgate the following:

Section 1
Purpose

This Order establishes a safe, sound, competitive and accessible banking system for the purposes of providing a foundation for economic growth and the development of a stable Iraqi economy.

Section 2
Banking Law

The banking law attached to this Order in Annex A shall have the full force and effect of law.

Section 3
Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 4
Entry into Force

This Order shall enter into force on the day immediately following the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

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IRAQ

BANKING LAW

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Section 1 – General Provisions

Article 1 Definitions

For the purposes of this Law, the following terms shall have the meanings indicated below:

"*administrator*" means any person who is a member of the board of directors, authorized manager or member of the audit committee of a bank, including in the case of a foreign bank, a designated branch manager;

"*affiliate*" means a company that controls a bank, any other company that is controlled by the company that controls the bank, and any other company as determined pursuant to criteria specified in regulation by the CBI;

"*authorized manager*" means a person responsible for the management of the day-to-day operations of the bank;

"*bank*" means a person holding a license or permit under this Law to engage in banking business and other banking activities;

"*bank holding company*" means a company that owns or controls a bank;

"*banking activities*" means the activities that are listed in Article 27;

"*banking business*" means the business of receiving deposits of money or other repayable funds from the public for the purpose of making credits or investments for its own account;

"*branch*" means a place of business forming a legally dependent part of a bank where all or some banking activities are conducted; for the purposes of this Law all domestic branch offices of a foreign bank shall be treated as a single branch office and all communications from the CBI to any such branch office may be validly made to the branch office designated by the foreign bank to the CBI for this purpose, or failing such notification, to a branch office selected by the CBI;

"*bridge bank*" means a bank organized under paragraph (6) of Article 61;

"*CBI*" means the Central Bank of Iraq;

"*control*" is deemed to exist over another company if a person:

(i) directly or indirectly, or acting through one or more persons owns, controls or has the power to vote 25 percent or more of the voting shares of the company;

(ii) has the power to elect a majority of the directors of the company; or

(iii) exercises a controlling influence as the CBI may determine.

"*credit*" means any disbursement or commitment to make a disbursement of a sum of money in exchange for the right to repayment of the amount disbursed and outstanding and to payment of interest or other charges on such amount, whether secured or unsecured, any extension of the due date of a debt, any guarantee issued, and any purchase of a debt security or other right to payment of a sum of money that may provide for the payment of interest either directly or by a discounted purchase price;

"*debt security*" means any negotiable instrument of indebtedness and any other instrument equivalent to such instrument of indebtedness, and any negotiable instrument giving the right to acquire another negotiable debt security by subscription or exchange; negotiable debt securities may be in certificated or in book-entry form;

"*deposit*" means a certain sum of money paid to a person, whether or not evidenced by any entry in a record of the person receiving the sum, on terms under which the deposit will be repaid or transferred to another account, with or without interest or a premium, either on demand or at a time or in circumstances agreed to by or on behalf of the depositor and that person;

"*designated branch manager*" means a person notified to the CBI pursuant to paragraph (1), sub-paragraph (d) of Article 6 as being responsible for the operations in Iraq of a foreign bank;

"*dinar*" means the Iraqi dinar;

"*domestic*", when applied to a juridical person, means a juridical person whose head office is located in Iraq, and when applied to an office, means an office located in Iraq;

"*dormant account*" has the meaning given in Article 37;

"*fit and proper person*" means a person who is regarded as honest and trustworthy and whose professional qualifications, background and experience, financial position, or business interests do not disqualify that person in the judgment of the CBI to be an owner, administrator or conservator of a bank, provided, however, that no person shall be regarded as a fit and proper person if the person:

(i) has been convicted by a criminal court of an offense for which the person was or could have been sentenced to imprisonment for a term of one year or more without the option of a fine unless such sentence was or would have been motivated by his or her religious or political views or activities;

(ii) has been declared bankrupt by a court of law within the past seven years;

(iii) has been disqualified or suspended by a competent authority from practicing a profession on grounds of personal misconduct unrelated to his or her religious or political views or activities; or

(iv) has been declared unfit to manage a company by a court of law or under an order issued by a competent agency;

"*list*" means the list of the names of banks in the register of banks published by the CBI;

"*foreign*", when applied to a juridical person or office, means a juridical person or office that is not a domestic juridical person or office;

"*person*" means a natural person or a juridical person, or both;

"*qualifying holding*" means a direct or indirect holding by a person acting alone or through or in concert with one or more other persons in an undertaking which represents ten percent or more of the capital or the voting rights or which makes it possible to exercise significant influence over the management of the undertaking in which the holding exists, as the CBI may determine;

"*related person*", in relation to a bank, means:

(i) any administrator of the bank;

(ii) any person who is related to an administrator by marriage, blood or kinship up to the second degree, including adopted children or foster children of the administrator, and any other person residing in the administrator's household;

(iii) any person who has a qualifying holding in the bank, and any undertaking in which any such person or any administrator of the bank has a qualifying holding, and any administrator of such person or undertaking; and

(iv) any undertaking, not subject to consolidation in the preparation of financial statements of the bank, in which the bank holds a qualifying holding, and any administrator of such undertaking;

"*representative office*" means a place of business forming a legally dependent part of a bank where activities are limited to the provision of information and liaison functions, and where no banking business is conducted and no deposits or other repayable funds may be received from the public;

"*subsidiary*" means any juridical person in which another person or group of persons acting in concert holds the equivalent of fifty percent or more of the voting shares of such juridical person; or a qualifying holding that permits such other person or group of persons to exercise effective control over the management or policies of the juridical person in which the holding exists;

"*Tribunal*" or "*Financial Services Tribunal*" means the Financial Services Tribunal established in the Central Bank of Iraq Law.

Article 2 Regulatory objectives

1. The primary regulatory objective of this Law is to maintain confidence in the banking system. Other regulatory objectives include those of promoting public understanding of the banking system by providing appropriate information, maintaining an appropriate degree of protection for depositors, and helping to reduce financial crime, including fraud, money-laundering and terrorist financing.

2. The CBI shall discharge its functions in a way which is compatible with the regulatory objectives and which the CBI considers most appropriate for the purpose of meeting those objectives.

Article 3 Prohibitions

1. No person in Iraq shall engage in banking business without a banking license or permit issued by the CBI, other than a person exempted by the CBI pursuant to paragraph (3) and paragraph (6).

2. The following persons do not fall under the scope of this Law:

a. persons who fund the credits they make exclusively from non-repayable capital subscriptions, proceeds of credits received from financial institutions or debt securities issued in the capital markets; or

b. persons who, in exchange for the issuance of corporate debentures or corporate bonds, receive repayable funds from the public and use such funds solely for the purpose of making investments for their own account.

3. Persons who, by virtue of the cooperative nature and size of their operations, do not carry on banking business on a scale which requires a commercially organized business undertaking may be exempted by the CBI from the requirements of this Law, provided that exemptions so granted by the CBI may be conditional or limited in time, or may be partial and list certain provisions of this Law that shall apply to such person.

4. No one shall use the word "bank" or derivatives of the word "bank" in any language in respect of a business, product, or service without a banking license or permit issued by the CBI, unless such usage is established or recognized by law or international agreement, or unless it shall be clear from the context in which the word "bank" is used that it does not concern banking activities. Representative offices shall not use the word "bank" in their name, except in cases where the word "bank" forms an integral part of the name of the foreign bank to which they belong, provided that, in such cases, the words "representative office" shall be added.

5. The CBI shall be empowered to enter the offices and to examine the accounts, books, documents and other records of any person if the CBI determines that there are reasonable grounds to suspect that such person engages in activities that are incompatible with the preceding provisions of this article; immediately upon the request of the CBI, law enforcement officials shall, if necessary by the use of force, assist the CBI to gain access to the premises of such person and to examine the accounts, books and other records of such person.

6. Activities performed pursuant to micro and small business credit access or similar grant programs by entities other than banks shall be permitted as authorized by entities exercising governmental authority. Such activities shall be exempt from the application of this law. Such entities exercising governmental authority shall provide notice and periodic reports to the CBI concerning their exempted credit access and grant programs.

Section 2 – Licensing

Article 4 Licenses and permits

1. Establishing a bank in Iraq, including as a majority or wholly-owned subsidiary of a foreign bank or bank holding company, shall require the prior issuance of a banking license by the CBI. Establishing a branch or representative office of a foreign bank in Iraq shall require the prior issuance of a permit by the CBI. The subsidiary of foreign owned banks shall be required to have 50 billion dinars of capital. There is no restriction on where that capital is invested.

2. A license or permit granted under this Law shall be granted in writing for an indefinite period of time and shall not be transferable. The license or permit, or its attachments, shall specify the terms and conditions under which it has been issued. Compliance with all conditions relating to the issuance of a license or permit shall be a continuing requirement applicable to all licenses or permit holders, unless later modified by the CBI.

3. Licenses, may be issued only to companies established in the form of juridical persons pursuant to the laws of Iraq and appropriately registered. Such companies may be wholly or majority-owned subsidiaries of a foreign bank or bank holding company. In the case of a subsidiary, a license may be issued only if the parent bank is subject to consolidated supervision by a supervising authority in the country in which the parent bank's head office is located.

4. Permits for branches may be issued only to foreign banks that are subject to comprehensive supervision or regulation on a consolidated basis by a supervisory authority in the country in which the foreign bank's head office is located.

5. Subsidiaries and branches of banks in part or totally owned by foreign persons are to be treated under the laws of Iraq in the same way is as domestic banks.

6. The total number of licenses for banks controlled by foreign persons is limited to six banks through December 31, 2008. Thereafter there is no limit to the number.

7. A foreign person can own 50% or less in an existing or new domestic bank without that license counting toward the limitation of article 4.6.

8. Foreigners can own banks or stock of banks only if they are a bank subject to consolidated supervision by a supervisory authority in another country.

Article 5 License application

1. Licenses shall be applied for in writing to the CBI. Applications shall be in such form and detail, and shall be accompanied by such documents, as shall be prescribed by regulation of the CBI.

2. For a company established in the form of a juridical person pursuant to the laws of Iraq the application shall include the following documents and information:

a. an authenticated copy of the instrument under which the applicant is formed, together with the memorandum of association or bylaws, if any, and the address of its head office;

b. the amounts of the authorized and subscribed capital of the applicant, including the amounts that have been paid in;

c. the name, nationality, permanent place of residence, and business or profession of every administrator, together with a statement detailing the qualifications and professional experience and at least three references for each administrator;

d. the name, nationality, permanent place of residence, and business or profession of every owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, together with at least two references verifying good financial standing, and, in case the owner of a qualifying holding is a body corporate, copies of the latest three audited annual financial statements, including balance sheets and profit and loss accounts, if applicable;

e. a list of shareholders and ultimate beneficial owners of shares stating the name, address and respective shareholding, and, for registered shares, a copy of the shareholder register.

f. for each administrator and owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, an affidavit duly signed by the individual disclosing any convictions for offenses by a criminal court, personal bankruptcy filings, disqualifications from practicing a profession, or past or present involvement in a managerial function in a body corporate or other undertaking subject

to insolvency proceedings, if any (the standard text for such affidavit to be determined by the CBI);

g. copies of the latest three audited annual financial statements, including balance sheets and profit and loss accounts of the applicant, if applicable;

h. a business plan setting out the business objectives and types of activities envisaged for the proposed bank, including a description of its organizational structure and internal control systems (including adequate measures to counter money-laundering and terrorist financing) together with projected balance sheets, profit and loss accounts and cash flow statements for the next three full financial years;

i. a statement by an auditor indicating the auditor's undertaking to take on the external auditing function pursuant to Article 46;

j. for the applicant and for each owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, a list of undertakings in which participations exist, specifying the size of such participations and the registered addresses of those undertakings.

k. the location of the principal place of business and any other place in or outside Iraq where it proposes to conduct banking business;

l. proof of payment of the application fee;

m. such other information as the CBI may require for the purpose of the application; and

n. in any case where the applicant is a subsidiary of a foreign bank or bank holding company, a statement that the foreign supervisory authority responsible for the prudential supervision of the applicant in the country of formation of the foreign bank or bank holding company has no objection to the proposed establishment of operations in Iraq, and exercises global consolidated banking supervision over the applicant.

3. For companies that are not yet established pursuant to the laws of Iraq, the procedure for a banking license consists of two stages, namely, a first stage beginning with the submission of a preliminary application for a banking license by the founders of the company, and a second stage beginning with the submission of a final application for a banking license by the company after it has been established and appropriately registered in the commercial register. The preliminary application shall be accompanied by the supporting information and documents set out in paragraph (2), provided that, with the approval of the CBI, certain documents may be submitted in draft form. When, after having received a preliminary application for a banking license and having met with the founders and the proposed administrators of the bank, the CBI determines that the preliminary application and supporting documents are satisfactory, the CBI shall notify the applicants that their

preliminary application is complete and request that the second stage be initiated by the submission of a final application for a banking license.

Article 6 Permit application for a branch

1. The CBI may permit the opening in Iraq of a branch of a foreign bank authorized to conduct banking business in the country of its formation. Branches of foreign banks shall be permitted to engage in any of the activities that are authorized for domestic banks, subject to the terms and conditions of their banking permits. Permits shall be applied for in writing to the CBI. Applications shall be in such form and detail, and shall be accompanied by such documents, as shall be prescribed by regulation of the CBI, and shall include:

a. the information and documents as set out in Article 5, paragraph (2), sub-paragraphs (a) through (g), (j) and (l), for the foreign bank as applicant, except that paragraph (2), sub-paragraphs (c) and (f) shall only apply to the senior administrator of the head office of the foreign bank;

b. the information and documents as set out in paragraph (2), sub-paragraphs (h), (i) and (k) of Article 5 concerning the proposed branch operation;

c. a certificate of designation specifying the name, nationality, permanent place of residence and business or profession of its designated branch manager, being the senior bank officer in Iraq responsible for carrying out the functions of the bank, together with a statement detailing such person's qualifications and professional experience and including at least three references.

d. for each administrator of the branch, an affidavit pursuant to paragraph (2), sub-paragraph (f) of Article 5;

e. a statement that the foreign supervisory authority responsible for the prudential supervision of the foreign bank in the country of its formation has no objection to the proposed establishment of a branch in Iraq, and exercises global consolidated banking supervision over the applicant; and

f. such other information as the CBI may require for the purpose of the application, including an undertaking by the applicant issued by the head office through its principal officer, supported by an appropriate resolution of its board of directors, that it will, on demand of the CBI, make available, in the currency and at such place as may be specified by the CBI, funds necessary to cover all obligations and liabilities incurred in the conduct of banking business authorized under the permit.

2. Following prior notification to and approval by the CBI, the main branch may open additional branch offices in Iraq, provided that one branch is designated a main branch of the foreign bank in Iraq where any process may be served.

Article 7 Permit application for a representative office

1. The CBI may permit the opening in Iraq of one or more representative offices of a foreign bank, provided such foreign bank is authorized to conduct banking business in the country of its formation. Representative offices shall limit their activities to the provision of information and liaison functions, and shall not engage in banking business or other similar activities or receive deposits or other repayable funds from the public in Iraq.

2. Permits for representative offices shall be applied for in writing to the CBI. Applications shall be in such form and detail, and shall be accompanied by such documents necessary for purposes of the permit application, as shall be prescribed by regulation of the CBI.

Article 8 Granting of license or permit

1. Within two months from the date of the submission of an application or preliminary application for a banking license or permit, the CBI shall notify the applicant whether the application is deemed complete. Within six months from the date of a notification by the CBI that the application is deemed complete, the CBI shall approve or reject the application and shall send the applicant a copy of its decision.

2. For final applications submitted pursuant to paragraph (3) of Article 5 the CBI shall render its decision within two months after the submission of such final application.

3. In exceptional circumstances, the CBI may extend the deadlines set out in paragraphs (1) and (2), provided it notifies the applicant of the reasons for the delay prior to reaching the deadline.

4. Before it approves an application for a banking license or permit, the CBI shall carry out financial, criminal, personal and professional background checks of owners of qualifying holdings in the proposed bank and administrators of the proposed bank for which the application is pending. To that end, banks and other financial institutions subject to the CBI's oversight and the national and local tax collection and law enforcement authorities shall provide such information to the CBI as the CBI shall request. The CBI shall establish direct contact with the relevant foreign supervisory authority in order to verify statements provided pursuant to paragraph (2), sub-paragraph (n) of Article 5 or paragraph (1), sub-paragraph (e) of Article 6.

5. Applications for a banking license or permit shall be rejected if the CBI is not satisfied that the conditions specified by or pursuant to this Law for issuing such license or permit are fulfilled. The CBI shall publish by regulation standards that it will apply in evaluating applications for a banking license or permit.

6. The CBI shall grant a license or permit on being satisfied regarding:

a. the validity of the documents submitted pursuant to Article 5 or Article 6, as applicable;

b. the financial status and history of the applicant;

c. the character and professional experience of the administrators as fit and proper persons;

d. the identity and character of the owners as fit and proper persons, in particular persons with qualifying holdings;

e. the adequacy of the staffing, operational and financial resources and capital structure of the proposed bank to cover all obligations and liabilities incurred in the conduct of the proposed banking activities to be authorized under the license or permit;

f. the soundness of the proposed operations;

g. the viability of the business plan;

h. the applicant's intention to maintain a physical presence at a fixed address in Iraq; and

i. in any case where the applicant is a subsidiary of a foreign bank or bank holding company or concerning the permit for a branch of a foreign bank, that an adequate level of prudential supervision is exercised on a consolidated basis by the relevant foreign supervisory authority.

7. A decision by the CBI to grant a license or permit shall be notified to the applicant and published in the *Official Gazette* or if the *Official Gazette* is not available for such use on a frequent basis, then published in a widely circulated general publication(s) (here after the " Official Publication.") Upon issuance of the license or permit, the bank shall be added to the list in the register of banks.

8. If a license or permit is denied, the CBI shall serve notice of the denial decision accompanied by a description of the reasons for the denial. If an application remains incomplete or fails to meet the requirements within three months following receipt of a notification by the CBI pursuant to paragraph (1) above, the applicant shall be regarded as having abandoned the application. In all cases, the applicant shall not be entitled to a refund of the application fees paid.

9. Banks must notify the CBI of any changes in circumstances that affect the statements they made in the license or permit application. A domestic bank shall obtain the CBI's prior approval for any proposed amendment to its instrument of formation or bylaws. Such amendment or change shall not enter into force until after the CBI has granted approval and such amendment or change has been recorded in the register of banks. Banks holding a permit shall notify the CBI of any changes to the bank's instrument of formation or bylaws without undue delay.

Article 9 Additional offices

No bank shall open a branch or representative office or establish a subsidiary in Iraq without first notifying and obtaining the prior approval of the CBI. No domestic bank shall open a branch or representative office or establish a subsidiary outside Iraq without first obtaining the CBI's prior approval. Banks shall notify the CBI of any change in location or closure of any branch, representative office or subsidiary.

Article 10 Register of banks

1. The CBI shall prepare and maintain a central register of banks for inspection by the public. The register shall record for each licensed bank and for each branch and representative office of a foreign bank holding a permit: the name, address and registration number, the date on which the license or permit was issued or revoked by the CBI, the instrument of formation and other statutory documents of the bank concerned, information concerning the administrators of the bank, including the scope of their authority to commit the bank, and the addresses of any domestic branch or representative offices and offices abroad, if any. Additionally, for branch offices and representative offices of foreign banks, the name and address of the head office of the foreign bank to which they belong shall be recorded. The entire list of license and permit holders, showing only the names, head office addresses, and type of license or permit held, shall be published by the CBI in the Official Publication during the month of January of each year. Any changes to the list that occur during the course of the year shall also be published in the Official Publication at regular intervals.

2. Banks must indicate their assigned registration number and include the head office address on all documents, authorizations, and papers used in their transactions.

Article 11 Fees

1. In order to cover part of its expenses associated with bank licensing and supervision, the CBI shall charge and collect an application fee on account of each application for a banking license or permit as well as a maintenance fee for each year that a banking license or permit is in effect.

2. The fee structure shall be specified by the CBI in regulation and shall reflect the size, volume and nature of business accounted for by banks. The CBI may take into account special supervision costs, if any, attributable to particular banking activities.

Article 12 Voluntary termination of operations

1. No bank may terminate its operations without first obtaining the CBI's prior approval to do so. A bank may be liquidated at the decision of its owners after the voluntary termination of its operations has been approved by the CBI and a written request for the revocation of the license or permit has been submitted to the CBI.

2. The revocation shall not be granted unless the CBI determines that the bank has fulfilled, or settled in a manner acceptable to the CBI, all of the bank's obligations to its depositors and other creditors, customers, and employees.

3. Upon determination by the CBI that the bank has met the requirements under paragraph (2), the CBI shall revoke the license or permit.

Article 13 Revocation of banking license or permit

1. A license or permit may be revoked only by decision of the CBI on one or more of the following grounds:

a. the license or permit has been obtained on the ground of fraudulent statements or other material irregularities that occurred in connection with the application;

b. the bank has not made use of the license or permit within twelve months after the date of its effectiveness, or the bank has ceased for more than six months to engage in the business of receiving money deposits or other repayable funds from the public or making credits or investments for its own account;

c. the bank conducts its administration or operations in an unsafe or unsound manner;

d. the bank violates an order of the CBI;

e. the bank, in a manner which materially affects the financial soundness of the bank, violates a law, a regulation of the CBI, or any condition or restriction attached to a license or permit issued by the CBI;

f. the bank, or the foreign bank or bank holding company of which the bank is a subsidiary, or a subsidiary of the bank, has engaged in criminal activities constituting fraud, money-laundering or terrorist financing;

g. the foreign bank or bank holding company of which the bank is a subsidiary has lost its operating license;

h. the CBI is hindered in supervising the bank because the bank has moved all or part of its administration, operations, books or records outside Iraq without the prior written approval of the CBI;

i. the CBI is hindered in supervising the bank because the bank is a member of a group of companies, or because the bank is a subsidiary of a foreign bank or a bank holding company that is not adequately supervised; or

j. the foreign supervisory authority responsible for the supervision of the bank or the foreign bank or bank holding company of which the bank is a subsidiary has

appointed a conservator or receiver for the bank, foreign bank or bank holding company.

2. The CBI shall revoke a license or permit:

a. at the time that bankruptcy proceedings are opened against the bank by decision of the Financial Services Tribunal pursuant to Article 78; or

b. pursuant to paragraph (3) of Article 12.

3. Decisions to revoke a license or permit pursuant to this article shall be in writing and include the grounds on which they are taken. Each such decision shall be promptly served on the bank concerned, registered in the register of banks and published in the Official Publication by the CBI. A decision taken pursuant to this article shall take effect at the time that it is served on the bank concerned, unless the decision specifies another date for its entry into force not later than 30 days after the decision is served. The requirement of service of such decision on a foreign bank may be met by serving the decision on its designated branch office or representative office addressed by the decision.

4. Decisions by the CBI to revoke a license or permit pursuant to paragraph (1) shall include the appointment of a conservator in accordance with Article 69 to liquidate the bank.

Section 3 – Capital

Article 14 Minimum capital of domestic banks

1. The capital of a domestic bank shall be specified in *dinars*. A bank shall at all times maintain minimum paid-up capital that is not less than 10 billion *dinars* or such higher amount as may be established by the CBI. Existing banks must reach this capital within 18 months of the effective date of this order.

2. No bank may declare, record in an account or pay to shareholders any portion of profits, or make any transfer of profits, if such transfer or payment results in a reduction of its capital or reserves below the minimum levels required under this Law or as required by regulation or order of the CBI.

3. No bank may distribute profits to shareholders before extinguishing all expenses related to the establishment and initial organization of the bank.

4. There is no limit to the amount of capital that can be placed in the bank in any given calendar period.

Article 15 Net domestic assets required for branches of foreign banks

Each branch of a foreign bank, if so directed by the CBI, shall maintain in Iraq an excess of assets over its liabilities to residents of Iraq in such amount, if any, as the CBI may stipulate.

Article 16 Other capital requirements

1. Each bank shall at all times maintain capital, including its unimpaired capital and reserves, in Iraq of not less than the equivalent of 12 percent of the total value of its assets determined on a risk-adjusted basis, or such higher percentage as specified by regulation of the CBI, whereby not less than one-half of such capital shall consist of core capital. For the purposes of the application of this provision, the CBI shall define the meaning of capital, core capital, reserves and categories of risk assets in regulations, and the definition and determination of capital, core capital, reserves and assets shall be consistent with international standards.

2. The amount of any holding of capital in another bank or financial institution shall be deducted from the bank's capital for purposes of calculating the ratio pursuant to paragraph (1).

3. The CBI shall specify by regulation principles for establishing and holding a bank's paid-up minimum capital.

Section 4 – Management of a Bank

Article 17 Board of directors

1. The board of directors of a bank shall be responsible for conducting the business and establishing the policies of the bank. In particular, the board of directors shall establish the risk-management standards, investment policies, minimum prudential ratios, accounting standards and internal control systems of the bank.

2. The board of directors shall have not less than five members. The members of the board of directors shall be appointed at the general meeting of shareholders for a period of not more than four years; they may be reappointed for subsequent periods of equal length. At the general meeting of shareholders, the bank's shareholders may establish the remuneration for members of the board of directors. The board of directors shall select a chairman from among its members.

3. The chairman and all members of the board of directors must:

a. possess legal capacity and be fit and proper persons; and

b. be at least 30 years old.

4. The majority of the members of the board of directors must have significant banking experience and shall not work full time for the bank.

5. A member of the board of directors may not be:

a. an administrator or employee of another bank, unless the bank is a subsidiary of such other bank or both banks are under common control, provided that, in that case, such members may not constitute a majority of the members of the bank's board of directors; or

b. a government official who heads a ministry or holds a cabinet position.

6. The members of the board of directors shall act honestly and in good faith with a view to the best interests of the bank. In carrying out their functions, they shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7. The decisions of the board of directors shall be adopted by majority vote of the members present. If the vote is evenly divided, the chairman's vote shall be the deciding vote.

Article 18 Management

1. Subject to the provisions of paragraph (4) of this article, the board of directors shall appoint one of its members as the authorized manager of the bank. The authorized manager is responsible for the implementation of the decisions of the board of directors and for the management of the day-to-day operations of the bank.

2. The board of directors shall appoint a chief internal auditor who shall be a qualified member of a recognized professional association with extensive professional experience in the field of accounting or audit.

3. The board of directors shall designate the compliance officer of the bank.

4. A person to be appointed to serve as authorized manager of a bank, designated branch manager, or other senior bank official as specified by the CBI, must:

a. possess legal capacity and be a fit and proper person;

b. possess the banking competence and expertise required for the conduct of banking operations;

c. not be an administrator or employee of another bank; and

d. reside in Iraq and engage full time in the management of the bank's operations.

5. The CBI may specify other senior bank positions, including chief internal auditor and compliance officer, to which the provisions of paragraph (4) above are applicable.

Article 19 Changes of administrators

1. Banks shall obtain the prior written approval of the CBI, subject to a determination by the CBI of the person's professional experience and qualifications as a fit and proper person pursuant to Article 17, paragraphs (3) through (5) or Article 18, paragraph (4), as applicable, before appointing or electing an administrator.

2. An administrator of a bank shall cease the administrator's functions at the bank if the board of directors finds that the individual no longer meets one or more of the legal requirements for the position as specified in Article 17, paragraphs (3) through (5) or Article 18, paragraph (4), as applicable. The board of directors shall inform the shareholders of the bank of such finding.

3. Banks shall notify the CBI of the dismissal or the acceptance of the resignation of an administrator, as well as the reasons for said dismissal or resignation, within a period of three days of such event.

Article 20 Removal of administrators

1. An administrator who is removed by the CBI from office pursuant to paragraph (2), sub-paragraphs (h) through (j) of Article 56 may not be a member of the board of directors, the authorized manager or designated branch manager, or work in a senior bank position in any other bank.

2. A person who has been an administrator of a bank whose license has been revoked or whose involuntary liquidation has been decided during the administrator's term of office may not be an administrator or work in a senior bank position in another bank.

3. In exceptional circumstances, having been satisfied as to the qualifications, professional experience and conduct of a person, the CBI may exempt an administrator from the provisions of paragraph (2) after the expiration of an appropriate period following the relevant event, and from the provisions of paragraph (1) after the expiration of ten years following the relevant event.

Article 21 Disclosure of personal interest

1. Each administrator shall disclose in full to the board of directors any significant personal financial interests, directly or indirectly, that the administrator or other individuals in the administrator's household have. Subject to paragraph (2) of this article, such written disclosures shall be made by the administrator upon appointment or election, and annually thereafter, in accordance with guidelines adopted by the bank and pursuant to any regulations issued by the CBI.

2. Whenever any matter related to such significant personal financial interest comes up for discussion by the board of directors or in any other committee or working group of the bank with decision-making authority, the administrator concerned shall disclose the interest at the beginning of the discussion and shall not thereafter participate in the discussion, shall withdraw himself from the meeting while discussions on the matter are ongoing, and shall

take no part in the decision on such matter; and the administrator's presence shall not be counted for the purpose of constituting a quorum.

Article 22 Changes in ownership and acquisition of qualifying holding

1. Any person, acting directly or indirectly or through or in concert with other persons, who proposes to acquire a qualifying holding in a bank, shall obtain prior approval of the CBI and shall give at least 90 days prior notice to the CBI.

2. The notice of proposed acquisition of a qualifying holding shall include:

a. the name, nationality, permanent place of residence, and business or profession of every proposed owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, together with at least two references verifying good financial standing;

b. for each proposed owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, an affidavit pursuant to paragraph (2), sub-paragraph (f) of Article 5;

c. in case a proposed owner of a qualifying holding or its ultimate beneficial owner is a body corporate, copies of the latest three audited annual balance sheets and profit and loss accounts, if applicable;

d. a list of undertakings in which the proposed owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, holds participations, specifying the size of such participations and the registered addresses of those undertakings;

e. the terms and conditions of the proposed acquisition and the manner in which the acquisition is to be made;

f. the identity, source and amount of the funds to be used in making the acquisition;

g. any plans or proposals regarding a major change in the bank's business, corporate structure or management; and

h. such other information as the CBI may require.

3. The CBI shall assess the expected effects on the financial soundness of the bank and satisfy itself as to the identity and character of the proposed owners, in particular owners of a qualifying holding. The CBI shall not approve a proposed acquisition referred to in paragraph (1) if it would substantially lessen competition, jeopardize the financial soundness of the bank or endanger the interests of the bank's depositors.

4. Any person, acting directly or indirectly or through or in concert with other persons, who proposes to increase an existing qualifying holding in a bank in a manner that would reach or exceed a threshold of 20 percent, 33 percent or 50 percent of the bank's capital or the voting rights, respectively, shall give at least 30 days prior notice to the CBI.

5. Any bank becoming aware of a proposed acquisition of a qualifying holding in the bank or of a proposed increase in an existing qualifying holding in the bank pursuant to paragraph (4) shall give at least 30 days prior notice to the CBI, or once it becomes aware of such proposal, whichever is earlier.

6. Any bank becoming aware of circumstances that indicate that any of its owners and, in particular, owners of a qualifying holding, are no longer fit and proper persons, shall notify the CBI.

Article 23 Merger

1. No bank shall merge or consolidate with any other bank or acquire, either directly or indirectly, substantially all of the assets of, or assume liability to pay any deposits made in, any other bank except with the prior approval of the CBI.

2. Any bank which intends to engage in any merger, consolidation, acquisition or assumption of liability under paragraph (1) shall give at least 90 days prior notice to the CBI, and provide the CBI with such information as the CBI may require.

3. The CBI shall assess the financial and managerial resources and future prospects of the existing and proposed bank, and shall not approve the proposal unless the bank to result from the transaction would satisfy all criteria were it seeking to be licensed as a new bank. The CBI shall not approve a proposed transaction referred to in paragraph (2) which would substantially lessen competition unless any anti-competitive effects are clearly outweighed by the transactions' expected positive effects.

Article 24 Audit Committee

1. Each bank shall establish an audit committee. The audit committee shall be a committee of the board of directors and shall have the following duties and powers:

a. to review and recommend the approval of the accounting procedures, annual audit plan and accounting and risk management controls for the bank;

b. to recommend and approve an auditor for appointment pursuant to Article 46 as the bank's external auditor;

c. to review the external auditor's report on the bank's financial statements and to report any findings to the board of directors before the approval of the financial statements by the board of directors;

d. to request reports from the bank's chief internal auditor;

e. to monitor compliance with the laws and regulations applicable to the bank and report to the board of directors thereon;

f. to review reports to be submitted by the bank to the CBI;

g. to report on any matters submitted to it by the board of directors;

h. to review operations and transactions of the bank on the basis of plans adopted by the audit committee, at the request of the board of directors, at the request of shareholders together holding more than 10 percent of total voting rights, or as specified by the instrument of formation of the bank; and

i. to report at least annually to the bank's shareholders at the general meeting of shareholders on its activities.

2. The audit committee shall have not less than three members. The members are appointed by the shareholders at the general meeting of shareholders of the bank from among the members of the board of directors for periods of not more than four years; they may be reappointed for subsequent terms of equal length. The chairman of the board of directors and the authorized manager of a bank shall not be members of the audit committee. The majority of the members of the audit committee shall not work full time for the bank. The shareholders at the general meeting of shareholders shall designate a member of the audit committee, who is not an employee of the bank, to be chairman of the audit committee. For a branch of a foreign bank, the members of the audit committee shall be appointed by the head office, provided that the designated branch manager shall not be a member of the audit committee.

3. The decisions of the audit committee shall be adopted by majority vote of the members present. If the vote is evenly divided, the chairman's vote shall be the deciding vote.

Article 25 Application of certain provisions

1. In the absence of specific provisions to the contrary set out in this Law, the provisions of the Private Companies Law shall be observed regarding matters pertaining to the board of directors, authorized manager and general meeting of shareholders of a bank.

2. For banks that are solely owned by the State, the Minister of Finance shall, on behalf of the State, exercise any powers granted to shareholders at the general meeting of shareholders under this Law. In the absence of specific provisions to the contrary set out in this Law, for banks that are solely owned by the State the provisions of the Public Companies shall be observed regarding matters pertaining to the internal organization and management of a bank.

Section 5 – Rules for the Conduct of Banking Activity

Article 26 General banking principles

1. Banks shall conduct their administration and operations in a sound and prudent manner and in accordance with the requirements of the law, any conditions and restrictions attached to their banking licenses or permits issued by the CBI, and the regulations, guidelines and orders issued by the CBI.

2. Banks shall: maintain adequate capital and liquidity; make adequate provision for depreciation of assets, for discharge of liabilities, and for losses; maintain adequate accounting and other records of business; observe sufficient and effective risk controls; and ensure that their assets are diversified as to risk of loss.

3. The CBI shall, by regulation, prescribe detailed standards of conduct for banks which the CBI shall apply in its prudential supervision in accordance with international standards and best practices.

4. The CBI shall issue regulations specifying how the operational requirements specified for banks by the provisions of this section, and in regulations issued by the CBI thereunder, apply to banks and their subsidiaries on a worldwide consolidated basis.

5. Banks shall not establish group structures that hinder the exercise of effective supervision. The CBI may issue regulations specifying rules regarding affiliates of a bank, in particular, concerning the requirements for transactions between banks and any affiliates that are not subject to consolidation in the preparation of financial statements.

6. The CBI shall issue regulations specifying how the operational requirements specified for banks by the provisions of this section, and in regulations issued by the CBI thereunder, shall apply to domestic branch offices of foreign banks.

7. Whenever an administrator of a bank discovers that the capital of the bank is less than the capital required by law or by regulation of the CBI, the administrator must promptly notify the CBI thereof.

8. The CBI may provide guidance, including by means of establishing rules for good business conduct, or specify by regulation rules to ensure the banks' good relations with their depositors and customers.

Article 27 Banking activities

1. A bank may engage in the following activities subject to the terms and conditions of its banking license or permit:

a. receiving money deposits (in the form of demand deposits, time deposits or other types of deposit) or other repayable funds, bearing interest or not;

b. extending credits (whether secured or not by collateral or liens), including without limitation: consumer and mortgage credit; factoring, with or without recourse; financing of commercial transactions, including forfaiting (purchasing negotiable instruments at discount without recourse); and financial leasing services;

c. buying and selling for its own account or for the account of customers (including underwriting and brokerage services) of any of the following: money market instruments (including checks, bills of exchange, promissory notes and certificates of deposit); foreign currencies and precious metals; exchange and interest rate instruments; stocks and other transferable securities; and forward contracts, swap agreements, futures, options, and other derivatives relating to currencies, stocks, bonds, precious metals or interest rates;

d. entering into contingent commitments, including guarantees and letters of credit, for its own account and for the account of customers;

e. providing clearing, settlement and transfer services for money, securities, payment orders and payment instruments (including checks, credit, debit and other payment cards, travelers' checks; and bank drafts, wire transfers, and pre-authorized debits and credits);

f. money brokering;

g. safekeeping and administration of valuables, including securities;

h. providing trust services;

i. providing services as portfolio manager of securities or as financial adviser, agent or consultant;

j. providing financial information and credit reference services; and

k. anything that shall be incidental to the foregoing and such other activities, not prohibited by Article 28, as the CBI may by regulation authorize as banking activities.

2. The CBI may, in its discretion, and subject to such conditions as it may stipulate, require banks to conduct certain banking activities through separately capitalized subsidiaries that are wholly or majority-owned by the relevant bank.

Article 28 Prohibited activities

No bank shall engage in or participate as an agent, partner or co-owner in wholesale or retail trade, manufacturing, transportation, agriculture or fisheries, mining, building, re-insurance, insurance underwriting or other business activities except for activities that are authorized by

Article 27. Notwithstanding the foregoing, and with the prior written approval of the CBI, a bank may temporarily carry on or participate in the carrying on of such activities to the extent necessary to obtain satisfaction of claims, provided that the CBI may require the bank to cease such activities by a date specified in the license or permit.

Article 29 Prudential requirements

1. Each bank shall develop and maintain internal policies in the form of maximum and minimum ratios, exposure limits, risk-management standards, investment policies and other prudential ratios to be maintained by the bank concerning its assets, off-balance sheet items and various categories of capital and reserves. Such internal policies shall be consistent with regulations on prudential requirements issued by the CBI pursuant to paragraph (3) of this article.

2. In particular, banks shall establish and apply internal policies on prudential ratios governing:

a. their liquid resources in relation to the value or change in value of their assets (including guarantees and collateral received), or in relation to their liabilities, provided that banks shall be permitted to meet the requirements concerning liquid resources by maintaining with the CBI money deposits of an equivalent value;

b. the maximum aggregate amount of all or certain categories of their credits and investments;

c. the classification and evaluation of assets, and provisions to be made on the basis of such classification and evaluation, and the time when earnings on non-performing loans may no longer be accounted for as income except as received in cash; and

d. prohibitions, restrictions or conditions concerning: (i) the types or forms of credits and investments made, and liabilities assumed (contingent or otherwise); (ii) matching as to maturity and interest in respect of assets and liabilities (contingent or otherwise); and (iii) unhedged positions, exceeding a specified ratio, in foreign currencies or precious metals; exchange and interest rate instruments; stocks and other transferable securities; and forward contracts, swap agreements, futures, options, and other derivatives relating to currencies, stocks, bonds, precious metals or interest rates.

3. The CBI shall by regulation prescribe prudential requirements as well as the common procedures and methods of calculation to be followed by banks in their application. The CBI may specify requirements, prescribed in response to exceptional circumstances, concerning the rate of interest, maturity and other conditions applicable to any type or form of financing extended or received (including deposits) or applicable to contingent liabilities.

Article 30 Large exposures

1. No bank shall grant credit to a person if as a result thereof:

a. the aggregate outstanding principal amount of all of the bank's credits to that person would exceed the equivalent of fifteen percent, or such lower percentage as specified by regulations issued by the CBI, of the bank's unimpaired capital and reserves (large credit exposure), without obtaining prior approval of the CBI;

b. the aggregate outstanding principal amount of all of the bank's credits to that person would exceed the equivalent of 25 percent, or such lower percentage as specified by regulations issued by the CBI, of the bank's unimpaired capital and reserves; or

c. the aggregate outstanding principal amount of all large credit exposures of the bank pursuant to sub-paragraphs (a) and (b) would exceed the equivalent of 400 percent, or such lower percentage as specified by regulations issued by the CBI, of the bank's unimpaired capital and reserves.

2. The limitations specified in paragraph (1) shall not apply to any principal amount of credit that is fully secured by readily marketable collateral in accordance with the standards prescribed for that purpose by regulation of the CBI, provided, however, that no bank shall grant such secured credit if, as a result thereof, the aggregate outstanding principal amount of all its secured credits to the person receiving such credit would exceed the equivalent of 20 percent of the bank's unimpaired capital and reserves, or such lower percentage as specified by regulations issued by the CBI.

3. The provisions of paragraphs (1) and (2) shall not apply to:

a. transactions with, or guaranteed by, the government; and

b. transactions between banks with a maturity of one year or less.

4. For the purposes of applying this article or any regulations issued pursuant thereto, a person shall be deemed to include any other person with whom such person is connected, directly or indirectly, in such a way that the financial soundness of any of them may affect the financial soundness of the other or others, or the same factors may affect the financial soundness of some or all of them, or if as a result of the structure of their relationship the other person is in fact ultimately responsible for the credit outstanding.

Article 31 Bank credit to related persons

1. No bank may extend credit to a related person:

a. if the credit and its financial terms and conditions have not been approved by the board of directors or, in the case of a branch of a foreign bank, the designated branch manager;

b. if the credit is granted to an administrator of the bank and the credit would cause the aggregate amount of credit disbursed by the bank to that person and outstanding, including any credit granted by one or more of the bank's subsidiaries, to exceed the equivalent of 50 percent of the annual remuneration of that person, or if the credit would cause the aggregate amount of credits disbursed to all related persons and outstanding to exceed ten percent of the unimpaired capital and reserves of the bank, or such lower percentage as specified by regulation issued by the CBI, provided, however, that the foregoing percentage limits shall not apply to any credit that is secured by a mortgage on property for a local primary residence whose appraised value, in the opinion of the CBI, at the time that the credit is granted exceeds the principal amount of the credit by not less than one-third of that principal amount; or

c. if the credit is granted on terms and conditions that are less favorable to the bank than the terms and conditions that are offered by the bank to the public in the ordinary course of business at the time when the credit is granted.

2. Every credit provided by a bank to a related person shall be promptly reported to the audit committee of the bank. If credit has been provided by a bank to a related person in violation of the provisions of paragraph (1), such credit must be immediately repaid, and the members of the board of directors or the designated branch manager, as the case may be, shall be personally liable, jointly and severally, for payment of principal of, and interest and other charges on, credit granted in violation of paragraph (1) with their knowledge and without their objection.

3. The CBI may instruct a bank to deduct any lending to a related person from capital for purposes of calculating the ratio pursuant to paragraph (1) of Article 16.

Article 32 Foreign currency exposure

The CBI may issue regulations to set the maximum foreign currency exposure which banks may incur in foreign currency generally or in any specified currency or currencies.

Article 33 Investment restrictions

1. It shall be prohibited for any bank without the CBI's prior approval to invest in the stocks, shares, or equity-linked bonds of any undertaking in an amount that exceeds 20 percent of the bank's unimpaired capital and reserves. To the extent that any stocks, shares, or equity-linked bonds transferred to the bank in the course of its banking operations would cause the bank's holdings to exceed such limit, the bank shall dispose of such stocks, shares, or equity-linked bonds as soon as practicable and not later than at a date at which such disposition may occur without incurring a loss, and, in any case, within two years of their acquisition at the latest. Upon request by the bank, this period may be extended for a period of up to one year by decision of the CBI.

2. Except in connection with the granting of mortgage loans in the conduct of its banking operations, it shall be prohibited for any bank to possess real estate other than real estate

essential to the conduct of its operations and for the housing of its employees and workers. This provision shall not bar the bank from leasing any excess portion of real estate held for the conduct of its operations, provided it obtains the CBI's prior approval. A bank shall dispose of any real estate transferred to it in the course of its banking operations other than mortgage lending as soon as practicable and not later than at a date at which such disposition may occur without incurring a loss and, in any case, within two years of acquiring it at the latest. Upon request by the bank, this period may be extended for two periods of up to two years each by decision of the CBI.

3. It shall be prohibited for any bank to acquire a participation in another bank or financial institution without first obtaining the CBI's prior written approval and without meeting the requirements stipulated by the CBI.

4. It shall be prohibited for any bank to possess shares in other banks or financial institutions without the CBI's prior approval unless such shares were transferred to the bank in the course of its banking operations. In this case, the bank shall sell the shares as soon as practicable and not later than at a date at which such disposition may occur without incurring a loss and in any case, within two years of acquiring them at the latest, unless the CBI grants approval to retain the shares.

5. It shall be prohibited for any bank without first obtaining the CBI's prior written approval to acquire stock or shares in a company established outside Iraq, except when such stock or shares are transferred to it in the course of its banking operations.

Article 34 Bank holidays

All banks must open their doors for business with the public on all days and during all office hours approved by the CBI, excluding Fridays and bank holidays. The CBI shall, by regulation, announce the holidays to be observed by banks. No bank may open its doors to the public during these bank holidays, be they official or unofficial holidays. In the event that circumstances require the suspension of banking operations, the CBI may order banks to close their doors temporarily, cease their operations, and resume them only by order of the CBI.

Article 35 Suspicious transactions

1. If a bank or any of its administrators, officers or employees learns that the execution of any banking transaction or the receipt or payment of any sum of money pertains or may pertain to any crime or illegal act, the bank shall immediately notify the appropriate official or judicial authority to this effect. The bank shall inform the CBI on a monthly basis about suspicious transaction reports submitted, if any, and concerning any need for additional action regarding this matter.

2. A bank's disclosure of any information in good faith under this article shall not be considered a breach of banking confidentiality. In addition, neither the CBI nor the bank shall bear any liability as a result thereof.

Article 36 Restriction on bank shares

No bank may grant any credit, including loans and advances, or provide a guarantee or security to a customer that uses the customers' shares in the bank as collateral to secure the loan. A bank may not purchase its own shares without prior approval of the CBI.

Article 37 Dormant accounts

1. Amounts on deposit in an account at a bank are subject to special rules if the accounts are considered dormant accounts.

2. If an account holder has not evidenced any interest in the amounts on deposit by recorded transaction or written correspondence with the bank for ten years, on the first business day of the following calendar year, the bank shall dispatch by registered post a notice to the account holder at the holder's last known address containing particulars of the dormant account, and publish in at least two newspapers of general circulation and the Official Publication the name of the account holder. Not less than 30 days after such notice and publication, if the account holder cannot be located, the bank shall make a detailed report to the CBI and shall turn over the amount on deposit to the CBI, to be held in a special account at the CBI.

3. The CBI shall hold the funds in a special account to be invested in Iraqi government securities, or other securities if Iraqi government securities are not available, provided that for a period of twenty years any owner who, to the satisfaction of the CBI furnishes proof of ownership, shall be entitled to the repayment of the amounts by the CBI. After the expiration of such period, any remaining unclaimed amounts shall be transferred to the Ministry of Finance for deposit in the State Treasury.

Article 38 Records

1. Banks shall keep on file in Iraq for at least seven years the pertinent documents for each one of their transactions, namely:

a. customer identification records;

b. application and all contract documents pertaining to the transaction (including credit, guarantee and collateral agreements) and a signed written record of the decision of the bank approving the transaction;

c. financial records concerning counterparties (including borrowers and guarantors), and any other documentary evidence on which the bank relied in approving the transaction;

d. the account agreements with its customers; and

e. such other documents as the CBI may specify by regulation.

2. Records shall be kept in written form. A bank may retain books, records, statements, documents, correspondence, cables, notices, and other documents relating to its financial activities in reduced form (microfilm, electronic data storage or other current technological devices) instead of the original for the period established in the law, to the extent that adequate data recovery systems and procedures are in place. Such reduced copies shall have the probative effect of the original. The CBI may issue regulations setting out detailed systems requirements.

Article 39 Payment system

1. Banks may establish cooperative systems and clearing houses for the transfer of funds and for the settlement of accounts and payment instruments among themselves and among other financial institutions. The CBI may establish rules and procedures to govern the conduct of these activities.

2. Banks may establish credit reporting agencies or credit bureaus to collect and to disseminate to other banks such information concerning the financial affairs of existing and prospective customers as the banks may need in order to make prudent banking decisions. Such information shall be furnished only to banks having an actual or prospective banking relationship with the person concerning whom the information is provided. Such information shall be furnished subject to such restrictions, including rules and procedures that may be adopted by the CBI under paragraph (e) of Article 51, as shall be necessary to protect the confidentiality of banking information and to prevent the unauthorized dissemination of such information.

Section 6 – Accounts and Financial Statements

Article 40 Financial year

The financial year of domestic banks shall begin on January 1 and end on December 31 of the same year. For a branch of a foreign bank, the financial year may differ.

Article 41 Periodic reporting

1. Each bank shall furnish the CBI at the relevant intervals specified by regulation with:

a. statements showing its assets and liabilities;

b. statements on the foreign currency exposures, capital adequacy ratio, reserve position, liquid assets, large exposures and credits to related persons;

c. information or statistics concerning its various accounts and activities, including information on deposits, banking facilities, credit plans, or credit and contingent liabilities granted to the bank’s customers;

d. information, statements, tables, or budgets concerning its various accounts and activities, either in a consolidated form or for each of its branches separately, at the times and according to the format and method stipulated by the CBI by regulation; and

e. such other statements or information as requested by the CBI.

2. The CBI may request reports from any of the bank's subsidiaries or affiliates if deemed necessary for the exercise of consolidated supervision of the bank's activities.

3. The expenses incurred in complying with reporting obligations or requests by the CBI to provide information shall be borne by the relevant bank.

Article 42 Principles for accounting and preparation of financial statements

1. Banks shall:

a. maintain proper books and records required for orderly operations in accordance with the provisions set out in Article 38;

b. apply accountancy rules and systems in conformity with international accounting standards (IAS), including the use of full accrual accounting on a daily basis, and in compliance with any special requirements stipulated by the CBI in this regard; and

c. prepare its financial statements comprising the balance sheet, profit and loss account, cash flow statement and statement of changes in the bank's capital account in an adequate manner that reflects the reality of the financial positions of the bank and its branches. The financial statements shall be prepared in accordance with international accounting standards (IAS) and in compliance with any special requirements stipulated by the CBI in this regard. The financial statements shall give a true and fair view of the state of affairs of the bank and shall include a statement on the bank's internal control systems.

2. Banks shall comply with any regulations or orders issued by the CBI with respect to the rules set out in paragraph (1). The CBI shall issue, by regulation, provisions on the accounting system and rules applicable to banks.

Article 43 Financial statements

1. Each bank shall prepare financial statements. Each bank that has one or more subsidiaries shall also prepare consolidated financial statements.

2. The CBI may specify other affiliates of a bank, in particular a company that controls a bank and any other company that is controlled by the company that controls the bank, for which consolidated financial statements shall be submitted.

3. Each foreign bank with one or more branch offices in Iraq shall prepare accounts and financial statements for its operations in Iraq as if such offices together were to constitute a single entity.

4. A copy of each bank's audited financial statements, including audited consolidated financial statements, if applicable, shall be submitted by the bank to the CBI when they become available and within four months after the end of the financial year at the latest. Each foreign bank with one or more branch offices in Iraq shall also submit a copy of the foreign bank's audited consolidated financial statements to the CBI when they become available.

5. The audited financial statements of a bank shall be made available to its shareholders not less than 30 days prior to the general meeting of shareholders at which the financial statements are to be presented for approval.

Article 44 Publication of financial statements

1. A bank shall publish, in two newspapers of general circulation, its audited financial statements, including audited consolidated financial statements, if applicable, not later than four months after the end of the financial year.

2. Each bank shall display in a prominent location at its head office and its branches its most recent audited financial statements, including audited consolidated financial statements, if applicable, and a list of the names of the members of its board of directors.

Article 45 Annual report

1. Each bank shall send copies of the annual report to the CBI not later than 30 days after it becomes available, and within six months after the end of the bank's financial year at the latest.

2. The annual report shall contain such information as prescribed by regulation of the CBI, including a report by the board of directors on the bank's business during the preceding year and the business projections for the coming year.

Section 7 – Audit

Article 46 Audit

1. Each bank shall appoint an independent external auditor with qualifications and experience in the audit of banks acceptable to the CBI. The external auditor shall be appointed by the bank's shareholders at the general meeting of shareholders, provided that if the bank fails to appoint an auditor satisfactory to the CBI, the CBI shall appoint such auditor.

2. The auditor, or any member of the audit firm, shall not be an administrator, owner, affiliate, employee, agent or representative of the bank for which the auditor is to be appointed and shall not have an interest in the bank, with the exception of holding a deposit

in the bank. Should the auditor acquire any such interest in the bank during the course of the appointment, the services of the auditor shall be terminated and a temporary alternate auditor be appointed by the CBI until the bank appoints a new auditor.

3. The auditor shall not provide services to the bank that are connected with the internal audit function of the bank, except for occasional training purposes.

4. No bank shall appoint the same auditor continuously for a period of more than 5 years without an exemption granted by the CBI.

5. In accordance with internationally-recognized auditing standards and any standards issued by regulation of the CBI, the auditor shall audit the bank's operations on a consolidated basis and:

a. issue a statement to the bank indicating whether the auditor or any member of the audit firm: (i) holds an ownership interest in the bank; and (ii) complies with the provision of paragraph (3);

b. assist the bank in maintaining proper accounting systems and procedures;

c. assist the bank in maintaining proper financial control and risk management systems and procedures;

d. upon request by the audit committee, attend meetings of the audit committee;

e. within three months after the end of the financial year, prepare for the board of directors of the bank an audit report together with an audit opinion as to whether the financial statements are complete, fair and properly drawn up and present a full and fair view of the financial condition of the bank in accordance with the provisions of this Law; in particular, the audit report shall state:

(i) whether any explanation or information requested from the administrators, employees or agents of the bank in the course of the audit was satisfactory;

(ii) the degree of adequacy of, and the bank's adherence to, internal control measures and accounting systems in effect;

(iii) the method for keeping documents, records, and books, and the latter's orderliness and inclusion of operations needed to enable monitoring, auditing, and internal and external audit;

(iv) the adequacy and performance of the bank's management regarding protection of the funds of the bank and depositors;

(v) deficiencies in the bank's activities, the auditor's recommendations for the management regarding the deficiencies, and the extent to which management

applied the auditor's recommendations and remarks made in connection to operations in previous years; and

(vi) the degree of accuracy of periodic statements sent to the CBI; and the correspondence of the statements with the content of records, books, accounting systems and practices in effect at the bank and with the CBI's orders in this regard;

f. provide the board of directors and the CBI with a report stating the auditor's opinion on the bank's system of loan classification and concerning the provisioning for doubtful claims indicating any deficiency in the provisioning needed for the bank's assets according to the CBI's orders;

g. inform each member of the board of directors and the CBI about any act by an administrator, officer, employee or agent of the bank of which the external auditor has become aware that constitutes a material violation of a provision of this Law or any regulation or order issued by the CBI; and

h. inform each member of the board of directors and the CBI about any irregularity or deficiency in the bank's administration or operations of which the external auditor has become aware and which could be expected to result in a material loss for the bank.

6. Each bank shall send copies of the audit report to the CBI not later than 30 days after it becomes available. Where the CBI is not satisfied with the auditor's report, it may require the appointment of another auditor to prepare a new audit report within a specified time.

Article 47 Additional duties

1. The CBI may impose on an auditor, in addition to any duty specified in Article 46, a duty to:

a. submit to the CBI such additional information in relation to the audit as the CBI considers necessary;

b. submit a report, carry out an inspection or establish any procedure as specified by the CBI;

c. submit to the CBI a report on the financial and accounting systems and internal controls of the bank; or

d. certify whether or not adequate measures to prevent money-laundering or terrorist financing have been adopted by the bank and are being implemented in accordance with such regulations, orders and guidelines issued by the CBI.

2. The auditor's costs for performing any such additional duties requested by the CBI shall be borne by the bank.

Article 48 Application of certain provisions

1. The provisions of the Private Companies Law shall apply to bank auditors unless stipulated otherwise in this Law.

2. Auditors shall observe professional and banking confidentiality requirements, provided that the auditor shall not incur legal liability for the disclosure of confidential information concerning a bank or a bank customer that the auditor provides in good faith to the CBI under this Law. In particular, a report by the auditor to the CBI pursuant to paragraph (5), sub-paragraphs (g) and (h) of Article 46 shall not be construed as a breach of professional or banking confidentiality obligations.

Section 8 – Confidentiality

Article 49 Banking confidentiality

A bank shall maintain confidentiality regarding all accounts, deposits, trusts, and safe deposit boxes of customers. It shall be prohibited to provide information on the aforesaid, directly or indirectly, without the written approval of the relevant customer; or, in the event that the customer is deceased, without the consent of the customer's legal representative, or one of the customer's heirs or legatees; or without the decision of a court of law or the public prosecutor in an existing judicial dispute or the existence of one of the cases permitted under this Law. This prohibition shall remain in effect even if the relationship between the customer and the bank ends for any reason.

Article 50 Individual confidentiality

It shall be prohibited for any current or former administrator, officer, employee or agent of a bank to provide information or statements on customers or their accounts, deposits, trusts, or safe deposit boxes, or transactions or to disclose or enable a third party to examine such information and statements in other than those cases permitted under this Law. This prohibition shall also apply to any person, including auditors and employees and agents of the CBI, and any person appointed by the CBI to carry out an examination pursuant to Article 53, who examines such statements and information directly or indirectly by virtue of their profession, position, or work.

Article 51 Exceptions

The provisions of Articles 49 and 50 of this Law shall not apply to disclosure of information in the following cases:

a. the performance of duties legally assigned to auditors appointed by the bank or by the CBI according to this Law;

b. information and documents requested by the CBI in connection with its duties under this Law or the Central Bank of Iraq Law;

c. actions taken in good faith in the course of the performance of duties or responsibilities imposed by this Law or in the implementation of measures countering money-laundering and terrorist financing pursuant to regulations of the CBI;

d. the issuance of a certificate or statement of the reasons for refusing to pay a check based on the request of a rightful holder;

e. the provision of information on: (i) customers' indebtedness to provide the necessary data for determining the soundness of granting credit; (ii) bad checks; or (iii) any other transaction deemed necessary by the CBI because of its pertinence to the soundness of the banking sector to banks, the CBI or any other agencies approved by the CBI to facilitate the exchange of such information pursuant to rules and procedures specified in regulation of the CBI;

f. a bank's disclosure of all or some information on a customer's transactions to prove its claim in a judicial dispute between it and its customer regarding these transactions; and

g. information provided by the CBI to supervisory authorities under Article 54 of this Law.

Article 52 Information provided by banks

1. Any information collected from a bank revealing its individual customers, customer transactions or other particulars pertinent to its relations with its individual customers shall be considered confidential and may be disclosed only with the consent of the bank or as authorized by this Law. The CBI shall restrict access to such individual customer information within the CBI to authorized employees.

2. The CBI may publish, in its entirety or in part, information provided to it by banks, provided such publication does not disclose confidential information. Unless the CBI first obtains the consent of the bank, the CBI shall not disclose particulars of the bank's operations other than as may be contained in the financial statements approved by the bank's board of directors, or information already in the public domain.

Section 9 – Supervision and Examinations

Article 53 Examinations

The CBI shall supervise banks on a consolidated basis in the following manner:

1. The CBI shall review the statements, documents, information, clarifications, and proof submitted by banks in the application of this Law.

2. The CBI may request that banks, or any of its subsidiaries or affiliates, provide, and corroborate in writing when it deems necessary, any additional information, reports, documents, clarifications, or proof.

3. The CBI may at any time cause an on-site examination of a bank, its subsidiaries or affiliates, to be made by one or more employees of the CBI, or by any other person or persons appointed by the CBI for this purpose. The examination shall review the operations of a bank to ascertain its financial position and the extent to which the bank complies with the provisions of laws and regulations regarding the management of its activities and adheres to internal policies. The CBI shall examine all banks on a regular basis, and at least once every year, except that representative offices shall be examined at least once every two years.

4. Any person authorized to carry out an examination under this article shall be subject to confidentiality requirements and may require any administrator, officer, employee or agent of a bank, or its subsidiaries or affiliates, to provide access to all necessary books, accounts, documents, and records. Any information deemed necessary and requested by the examiner shall be furnished in a timely manner during the course of the examination.

5. Examiners shall submit to the CBI a report on the results of the examination. The CBI shall notify the board of directors of the relevant bank of the examination results.

Article 54 Exchange of information

1. The CBI may exchange information on supervisory matters, preferably based on a Memorandum of Understanding, with financial supervisory authorities in Iraq and with banking supervisory authorities in other countries. The exchange of such information may include confidential information, provided that the CBI has satisfied itself that reasonable steps have been taken to ensure the confidentiality of any such information submitted.

2. The CBI may enter into Memoranda of Understanding with financial supervisory authorities in Iraq or with banking supervisory authorities in other countries setting out the scope, procedures and further details for the exchange of information.

Article 55 Immunity from legal action

1. No member of the board of directors of the CBI, employee of the CBI, agent of the CBI, any person appointed pursuant to the provisions of this Law (i) to carry out an examination pursuant to Article 53, (ii) as conservator, or (iii) as receiver, or any person engaged by a conservator or receiver pursuant to paragraph (3) of Article 62 or paragraph (4) of Article 80 shall be personally liable in damages for any act or omission taken in the discharge or purported discharge of official functions within the scope of their employment or engagement under this Law.

2. The CBI shall indemnify a member of the board of directors of the CBI, employee of the CBI, an agent of the CBI, any person appointed pursuant to the provisions of this Law (i) to carry out an examination pursuant to Article 53, (ii) as conservator or (iii) as receiver, or any person engaged by a conservator or receiver pursuant to paragraph (3) of Article 62 or paragraph (4) of Article 80 against any legal costs incurred in the defense against legal action brought against such person in connection with the discharge or purported discharge of official functions within the scope of their employment or engagement under this Law, provided that no such indemnification shall apply if such person has been convicted of a crime arising out of the activities that are covered by such legal action.

Section 10 – Enforcement Measures and Penalties

Article 56 Prompt corrective action and administrative penalties

1. The CBI may take any measure or impose any administrative penalty stipulated in paragraph (2) of this article in cases where it is evident that a bank, an administrator of a bank or any other person:

a. violated the provisions of this Law or any regulation or order issued by the CBI; or

b. conducted unsafe or unsound banking operations.

2. If any of the violations stipulated in paragraph (1) above occur, the CBI may take one or more of the following measures or administrative penalties:

a. send a written warning to the bank;

b. give orders to the bank;

c. request that the bank submit a program of measures it intends to take or a detailed description of measures it has taken to eliminate the violation and correct the situation;

d. request that the bank cease some of its operations, or bar it from distributing profits or dividends;

e. impose any restriction on the granting of credit deemed appropriate;

f. in addition to any minimum balance stipulated in the Central Bank of Iraq Law and other legally required deposits, require the bank to deposit and maintain balances with the CBI without interest for a period deemed appropriate by the CBI;

g. request that the chairman of the board of directors convene the board of directors to review and examine the violations attributed to the bank and to take the necessary measures to eliminate the violations; in this case, one or more representatives of the CBI shall attend the board of directors' meeting;

h. request that the bank temporarily or finally suspend from office any authorized manager or designated branch manager, depending on the seriousness of the violation;

i. request that the bank remove the chairman or any of the members of the bank's board of directors;

j. dissolve the bank's board of directors and appoint a conservator in accordance with paragraph (2) of Article 59;

k. impose an administrative penalty on the bank, provided that at the discretion of the CBI, administrative penalties may be imposed on a daily basis until the violation has eased or compliance is obtained, and such administrative penalties shall not exceed five percent of the bank's paid-up capital overall; or

l. revoke the bank's license or permit pursuant to the provisions of Article 13.

3. The CBI may impose an administrative penalty on a bank of up to 5 million *dinars* per day until the violation has eased or compliance is obtained, and not to exceed five percent of its paid-up capital overall in the following cases:

a. if the bank intentionally submitted to the CBI statements, statistics, or information that are deficient or false; or

b. if the bank does not provide the CBI with information on a customer, certain risks of particular customers, or any other information as requested by the CBI.

The imposition of the administrative penalty stipulated in this paragraph shall not bar the CBI or other aggrieved bank from demanding compensation from the bank in violation for damages arising from actions referred to in sub-paragraphs (a) and (b) of this paragraph.

4. Other than in an emergency situation requiring urgent action, the CBI shall, before deciding whether an order shall be given to a bank pursuant to this article, serve the bank with a notice of charges including a statement of the facts constituting the alleged violation or threat of violation, describing the order that the CBI proposes to issue, requesting a written response from the bank within two weeks after the date of service of such notice. If requested by the bank in its written response, the CBI shall schedule a hearing for a date not later than two weeks after the date of receipt of such request. Within two weeks after receiving a written response, or in the case of a hearing, the conclusion of such hearing, the CBI shall decide whether or not to issue an order. Any order shall be accompanied by the reasons for issuing such an order.

5. The imposition by the CBI of measures or administrative penalties stipulated in this article shall not bar any civil or criminal accountability under the provisions of any other law.

Article 57 Illegal banking business

1. Each person who engages in banking activities as a business without a banking license or permit issued by the CBI is guilty of an indictable offense and liable to the penalty for fraud contained in the Penal Code.

2. The penal courts shall be responsible for hearing actions initiated by the public prosecutor based on the request of the CBI or any concerned party.

Article 58 Collection of administrative penalties

The CBI shall collect the administrative penalties imposed on a bank under this Law. Any administrative penalties collected shall be paid to the State Treasury.

Section 11 – Conservatorship

Article 59 Grounds for appointment of a conservator

1. The CBI shall appoint a conservator for a bank when the CBI determines that:

a. the bank fails to pay its financial obligations, including but not limited to deposit liabilities, as they fall due;

b. the capital of the bank is less than 50 percent of the minimum capital required by law or by regulation of the CBI pursuant to paragraph (1) of Article 16; or

c. a petition has been submitted for opening bankruptcy proceedings against the bank, as set forth in Article 72.

2. The CBI may appoint a conservator for a bank when the CBI determines that:

a. the bank fails to carry out an order given to the bank by the CBI;

b. the capital of the bank is less than 75 percent of the minimum capital required by law or by regulation of the CBI pursuant to paragraph (1) of Article 16; or

c. there is evidence that the bank or any of its administrators have engaged in criminal activities punishable by imprisonment of one year or more or there is reasonable cause to believe that the bank or any of its administrators are engaging in such criminal activities.

3. The provisions of this section shall apply to the domestic branch offices and domestic representative offices of a foreign bank as if all these offices together were to form a single legal entity. All assets, liabilities, acts and omissions of the foreign bank resulting from or otherwise relating to the business of any such office shall be attributed to that single entity in applying the provisions of this section. The conservator shall be authorized to take all actions

with respect to such single entity as could be taken, were it to be a domestic bank, by the authorized manager or by shareholders at the general meeting of shareholders.

Article 60 Appointment of a conservator

1. Conservators shall be appointed by decision of the CBI. Only fit and proper persons are eligible to serve as conservator for a bank.

2. If at any time a conservator becomes ineligible to serve, the conservator shall be replaced by the CBI.

3. Conservators shall be appointed for a term, not exceeding eighteen months, specified in the decision on their appointment. The term of appointment may be extended by the CBI once for another period not exceeding eighteen months. The conservator shall be employed by the CBI and receive remuneration from the CBI. All costs incurred by the CBI on account of the conservatorship shall be borne by and charged to the bank for which the conservator is appointed.

4. The decision by the CBI appointing a conservator or extending the term of appointment of a conservator shall be in writing, shall specify the grounds on which it is given and shall list the principal duties of the conservator. The CBI shall ensure that promptly after the decision is given each such decision is served on the bank for which the conservator is appointed, is recorded in the register of banks and is published in the Official Publication.

Article 61 Effects of the appointment of a conservator

1. The decision of the CBI appointing a conservator for a bank shall take effect immediately, unless the decision provides otherwise.

2. The decision of the CBI appointing a conservator for a bank shall suspend the powers of the shareholders to take action at the general meeting of shareholders of the bank. Thereafter, the conservator shall have the power to take all of the actions in the ordinary course of business including those that could be taken at the general meeting of shareholders of the bank, such as the sale and disposition of assets and such other actions as may be necessary to place the bank in a safe and solvent condition, except that a transaction involving the participation of the bank in the capital stock of other financial institutions or any of the transactions referred to in Article 84 may be entered into only in circumstances and on terms and conditions that have been approved by the Financial Services Tribunal at the request of the CBI.

3. The decision of the CBI appointing a conservator for a bank shall suspend the powers of the administrators of the bank and shall have the effect of transferring all the powers of the administrators of the bank to the conservator. The conservator may delegate to other persons, including administrators and employees of the bank, such powers as the conservator deems necessary or appropriate, unless the CBI determines otherwise in a written notice to the

conservator. In the absence or inability of the conservator to act, the CBI may exercise the powers of the conservator.

4. Actions taken by or on behalf of a bank after the decision appointing a conservator for that bank takes effect shall be null and void, unless they are taken by or by the authority of the CBI or the conservator, or unless they are money or securities transfer orders covered by Article 83.

5. A conservator shall be accountable only to the CBI for the performance of duties and for the exercise of the powers as conservator. The conservator shall only be subject to the duties, rules and instructions given to the conservator by the CBI.

6. Notwithstanding any requirements set forth in Article 14, the CBI, in its sole discretion, may organize and license a bridge bank which will be owned and controlled by the CBI, to receive any assets and liabilities of one or more banks as to which a conservator under section 11 or receiver under section 14 has been appointed. A bridge bank (i) may be placed under the control of a conservator or receiver under this section 11; and (ii) shall terminate its operations at the end of a two-year period following the issuance of a license, except that the CBI, in its discretion, may extend its status for three additional one-year terms.

Article 62 Taking control of the bank

1. Immediately upon appointment, the conservator shall take control of the bank for which he has been appointed and secure the assets, books and records of the bank, and thereafter manage the bank during the period of conservatorship in order to prevent the dissipation of such assets, including but not limited to theft or other improper action.

2. The conservator shall have unrestricted access to and control over the assets, the offices, and the books of account and other records, of the bank for which he has been appointed. Immediately upon the request of a conservator, law enforcement officials shall, if necessary by use of force, assist the conservator to gain access to the premises of the bank for which the conservator has been appointed and to gain control over and to secure the assets, books and records of the bank. The decision of the CBI appointing the conservator shall have the legal force and effect of an enforceable court order requiring law enforcement authorities to provide such assistance.

3. A conservator may employ at the expense of the bank for which the conservator has been appointed, such independent attorneys, accountants and consultants on such terms as the CBI shall approve.

Article 63 Review of appointment

1. Within five business days from the date of service of the decision appointing the conservator for a bank, the board of directors of the bank may make written representations on behalf of the bank to the CBI challenging the appointment of the conservator. In the event

that no such challenge is made within the five-day time period referred to above, the bank shall be deemed to have consented to the decision appointing the conservator.

2. Upon the timely receipt of such a challenge, the CBI shall review the appointment of the conservator in light of the arguments made against it and decide either to affirm the appointment or to terminate the appointment, giving the grounds for its decision in writing. The decision shall be served promptly upon the chairman of the board of directors of the bank.

3. If the appointment of the conservator is terminated, the conservator shall immediately return control of the bank and its assets, books and records to the authorized manager of the bank.

4. Any decision of the CBI appointing a conservator that is not a decision to which the bank has consented, and any decision of the CBI affirming the appointment of a conservator under paragraph (2) above, may be submitted by the bank, any administrator of the bank, creditor, depositor or shareholder to the Financial Services Tribunal for review within 20 business days from the date of service of the decision. The appointment and powers of the conservator shall remain in full force and effect until a final decision is taken by the Tribunal.

Article 64 Report of the conservator and plan of action

1. Not later than ten business days after the appointment, the conservator shall prepare and present to the CBI a report on the financial condition and future prospects of the bank for which the conservator has been appointed. The conservator shall include in the report an assessment of the amount of assets likely to be realized in a liquidation of the bank. The report may be prepared with the assistance of such independent experts as the conservator may determine in accordance with paragraph (3) of Article 62.

2. The report shall be accompanied by a proposed plan of action, where relevant, that shall discuss the relative costs and benefits associated with:

a. returning the bank to compliance with the law by carrying out a plan of corrective action;

b. rehabilitation of the bank under the procedure set forth in Article 67;

c. a voluntary liquidation under Article 68, or a revocation of the banking license and liquidation of the bank in accordance with the provisions of Article 69; and

d. opening of bankruptcy proceedings against the bank.

Article 65 Moratorium

If required to protect the financial condition of a bank for which a conservator has been appointed, the CBI may at any time declare deposits and investments by the public in the

bank, other than deposits and investments in segregated fiduciary accounts, to be totally or partially blocked for a maximum period of three months, provided that measures are taken which, in the opinion of the CBI, will preserve the approximate value of these deposits and investments together with interest accrued before and during the moratorium. In extraordinary cases, the conservator, with the approval of the CBI, may at any time permit the withdrawal of some or all of the deposits held in the name of a natural person not to exceed 5 million *dinars* for each such case.

Article 66 Termination of conservatorship

1. The appointment of a conservator shall terminate upon the earlier of:

a. completion of the term specified in the decision appointing the conservator or in the decision last extending the term of the conservator;

b. a decision by the CBI or the Financial Services Tribunal to that effect; or

c. appointment of a receiver pursuant to Article 78.

2. Upon termination of the appointment of a conservator as described in sub-paragraphs (a) or (b) of paragraph (1), the conservator shall immediately return control of the bank and its assets, books and records to the authorized manager of the bank.

3. Within 20 business days of the termination of the appointment, the conservator shall prepare and submit to the CBI a final report and accounting of the conservatorship.

Section 12 – Rehabilitation of Banks

Article 67 Rehabilitation procedures

1. A bank shall be rehabilitated by the conservator appointed for the bank under supervision of the CBI if the Minister or Finance has decided, based upon the written recommendation of the CBI, that the stability of the banking system of Iraq requires the rehabilitation of the bank. Once the Minister of Finance has taken a decision regarding the rehabilitation of a bank, the Minister of Finance may in the Minister's discretion authorize or make available financing in connection with the transactions, costs and expenses referred to in paragraphs (4) and (5) of this article.

2. The recommendation of the CBI to rehabilitate a bank shall be accompanied by a rehabilitation plan prepared by the CBI in consultation with the conservator. The plan shall identify the existing weaknesses in the administration or operations of the bank, determine the corrective measures required to remedy such weaknesses, and provide a timetable and financing plan for the proposed rehabilitation. The plan shall also review and evaluate strategies for transferring the core business of the bank to another bank, including but not limited to a bridge bank, through one or more of the transactions authorized by Article 84 and shall to the extent practicable preclude the enrichment of bank owners at the expense of

the State. At any time during the execution of the plan, the Minister of Finance, after having consulted the CBI, (i) may terminate the rehabilitation plan, (ii) request the CBI to revoke the license or permit of the bank if grounds exist under Article 13, or (iii) request that CBI submit a petition to the Financial Services Tribunal for the institution of bankruptcy proceedings under Article 72.

3. For the purpose of conserving the assets, protecting deposits and managing the business of a bank under rehabilitation on a going concern basis, the CBI may direct the conservator to transfer all or part of the assets and liabilities of the bank to a bridge bank capitalized by the State, which transfer shall become effective immediately. If some obligations of the bank to creditors would be excluded from such a transfer, the conservator shall take the interests of such creditors into account. Such a transfer shall not require the consent of the bank or any of its governing bodies. The transfer of liabilities shall be published by notice in the Official Publication and in two or more newspapers of general circulation designated by the CBI.

4. With respect to the bank, including but not limited to a bridge bank, in accordance with the rehabilitation plan, the CBI may:

a. authorize the conservator for the bank to carry out one or more of the transactions referred to in Article 84, which may include financing provided by the State in the form of capital, loans, deposits, grants, or guarantees;

b. order an increase in the authorized capital of the bank and the issue of shares of capital stock of the bank on such terms and conditions as the CBI may determine; or

c. authorize the conservator to terminate all or some current contracts of the bank for the delivery of goods or services by analogous application of the provisions of Article 89.

5. The costs incurred on account of rehabilitation of a bank shall be charged to the bank, and, in the event that the assets of the bank shall prove insufficient, to the State.

Section 13 – Liquidation of Banks

Article 68 Voluntary liquidation

1. A bank may be liquidated at the decision of its owners after the voluntary termination of operations has been approved by the CBI, at their request, pursuant to Article 12, and the license has been revoked. The liquidation shall be carried out by the bank, in compliance with the procedures to be issued by the CBI and under supervision of the CBI.

2. The bank shall provide the CBI with such documents and information as the CBI shall request and shall grant the employees of the CBI, or any other person or persons appointed by the CBI for this purpose, access to the buildings, books and records of the bank whenever the CBI decides that such access is required to discharge its supervisory responsibilities.

3. If the CBI determines that the bank does not ensure an orderly liquidation or if the bank fails to comply with the provisions of paragraph (2), the CBI shall appoint a conservator under paragraph (1) of Article 69 who shall carry out or complete the liquidation of the bank.

Article 69 Forced liquidation

1. The decision of the CBI to revoke a banking license or permit pursuant to paragraph (1) of Article 13 must provide for the liquidation of the bank in accordance with the procedures prescribed by this article by a conservator appointed for the bank by the CBI under Article 60, provided, however, that only Articles 61, 62 and 65 of section 11 shall govern the CBI and conservator. The CBI shall arrange for the prompt publication of the decision by notice in The Official Publication and in at least two newspapers of general circulation.

2. From the time of the decision of the CBI to revoke the banking license of a bank and to liquidate a bank:

a. acts performed by or on behalf of the bank are legally void and unenforceable, except for acts performed by or by authority of the conservator for the bank, acts deemed beneficial to the estate of the bank by the conservator and ratified by the conservator, and money and securities transfer orders covered by Article 83;

b. all attachments and liens in aid of execution in favor of the bank's creditors or other restraints on the bank's assets shall be deemed removed by operation of law;

c. the assets of the bank shall be immune from attachment and execution, except for assets encumbered by a mortgage or lien to the extent of the debt secured by such encumbrance; and

d. no bankruptcy proceeding may be opened against the bank.

3. The liquidation shall be carried out by the conservator in accordance with procedures to be issued by the CBI that are consistent with those set forth in Article 85 up to and including Article 98, provided, however, that any such procedures shall not incorporate Articles 89 and 96.

4. Upon the written request of the CBI, the conservator for a bank whose banking license has been revoked shall apply to the Financial Services Tribunal for approval to carry out one or more of the transactions authorized by Article 84, and, upon the receipt of such approval, the CBI may direct the conservator to carry out one or more of such transactions.

5. The provisions of this article shall apply to the domestic branch offices and domestic representative offices of a foreign bank as if all these offices together were to form a single legal entity. All assets, liabilities, acts and omissions of the foreign bank resulting from or otherwise relating to the business of any such office shall be attributed to that single entity in applying the provisions of this article. The conservator shall be authorized to take all actions

with respect to such single entity as could be taken, were it to be a domestic bank, by the authorized manager or by shareholders at the general meeting of shareholders.

Section 14 – Receivership of Banks

Article 70 General insolvency law does not apply to banks

Neither the Bankruptcy Law nor any other provisions amending or replacing the Bankruptcy Law in whole or part shall apply to banks.

Article 71 Grounds for opening bankruptcy proceedings

Upon receipt of a satisfactory petition under Article 72 and the appointment of a conservator under Article 73 by the CBI, the Financial Services Tribunal shall open bankruptcy proceedings against a bank on one or more of the following grounds:

a. the bank is not paying its financial obligations, including deposit liabilities, as they fall due;

b. the CBI determines that the capital of the bank is less than 25 percent of the capital required pursuant to paragraph (1) of Article 16; or

c. the CBI determines that the value of the assets of the bank is less than the value of the liabilities of the bank.

Article 72 Petition for opening bankruptcy proceedings

1. Petitions for opening bankruptcy proceedings against a bank shall be submitted in writing to the Financial Services Tribunal.

2. No petition for opening bankruptcy proceedings against a bank may be granted by the Tribunal unless:

a. the petition is presented by the CBI, together with financial statements of the bank certified by the CBI, showing the basis on which one or more applicable grounds under Article 71 for opening bankruptcy proceedings applies; or

b. the petition has been filed with the Tribunal and served on the CBI by three or more creditors of the bank with obligations aggregating more than 4 billion *dinars* that are due and unpaid, together with documentary evidence showing that the bank is not paying its financial obligations as they fall due under paragraph (a) of Article 71.

Article 73 Appointment of conservator

1. As soon as a petition for opening bankruptcy proceedings against a bank has been served on the CBI by creditors of the bank under paragraph (2), sub-paragraph (b) of Article 72, or

the CBI has presented a petition to the Tribunal under paragraph (2), sub-paragraph (a) of Article 72, a conservator shall be appointed by the CBI pursuant to paragraph (1), sub-paragraph (a) of Article 59. The provisions of Article 63 shall not apply and decisions of the CBI appointing a conservator pursuant to this article shall not be subject to review by the Financial Services Tribunal.

2. In the event that the Tribunal rejects the petition for opening bankruptcy proceedings under Article 75, the appointment of the conservator hereunder shall terminate.

Article 74 Tribunal hearing

1. Upon filing of a petition for opening bankruptcy proceedings against a bank, the Financial Services Tribunal shall summon the CBI and any other petitioner, the conservator appointed for the bank, and one or more administrators of the bank to attend a public hearing to consider the petition. In exceptional situations the Financial Services Tribunal may decide to conduct a non-public hearing. The hearing shall begin not later than two business days from the time of filing of the petition.

2. If the petition is filed by the CBI under paragraph (2), sub-paragraph (a) of Article 72, the hearing shall be concluded within one week. If the petition is filed by creditors of the bank under paragraph (2), sub-paragraph (b) of Article 72, the hearing shall be concluded within two weeks. At the conclusion of the hearing, the Tribunal shall either reject the petition or grant the petition.

Article 75 Grounds for rejecting the petition

1. A petition for opening bankruptcy proceedings against a bank shall be rejected by the Tribunal if:

a. the petition is not accompanied by the documents required by paragraph (2) of Article 72 or otherwise does not meet the requirements of the law; or

b. the CBI opposes the petition under paragraph (2) of this article.

2. If the petition is made by creditors of the bank, the CBI may oppose the petition only if:

a. the CBI has determined that no statutory ground for opening bankruptcy proceedings against the bank applies; the Tribunal may require the CBI to produce evidence supporting its determination, including financial statements of the bank certified by the CBI;

b. the CBI provides evidence to the Tribunal demonstrating that, before the application for opening bankruptcy proceedings against the bank was served upon the CBI, the banking license of the bank had been revoked and a conservator had been appointed to liquidate the bank; or

c. the CBI submits to the Tribunal a decision of the Minister of Finance in accordance with Article 67 that the stability of the banking system of Iraq requires the rehabilitation of the bank.

At its request, the CBI shall be granted two weeks in which to submit such evidence or decision, before the Tribunal rules on the petition.

3. Otherwise, the Tribunal may reject a petition for opening bankruptcy proceedings against a bank only if:

a. any document or other evidence submitted to the Tribunal in support of the petition is manifestly false or inaccurate and without such document or other evidence the petition does not meet the requirements of the law; or

b. the bank shows to the satisfaction of both the Tribunal and the CBI that payments of supplemental subscriptions to the capital of the bank have been received by the bank in immediately available funds sufficient to eliminate the grounds for opening bankruptcy proceedings against the bank under Article 71.

Article 76 Rejection of frivolous petitions filed by bank creditors

1. At any time after the filing of a petition for opening bankruptcy proceedings against a bank by creditors of the bank, the Tribunal may reject the petition in writing, with or without a hearing, on the ground that the petition is frivolous, in which case the petitioners may be held liable for monetary damages, including costs and expenses resulting from the filing of the petition, which the Tribunal may award to the bank and to the CBI.

2. In exceptional circumstance the filing of a frivolous petition for opening bankruptcy proceedings against a bank may constitute an offense that, upon conviction in a penal court, may be punished by imprisonment for a period not exceeding 6 months or by the payment of a fine not exceeding 1 billion *dinars* or both.

3. Anyone who is determined by the Tribunal to have filed a frivolous petition for opening bankruptcy proceedings against a bank may be subject to prosecution in the penal courts in a proceeding initiated by the public prosecutor based on the request of the Tribunal.

Article 77 Forced liquidation if bankruptcy petition is rejected

If a petition presented by the CBI for opening bankruptcy proceedings against a bank is rejected by the Tribunal on grounds other than those specified in Articles 75 or 76, or the Tribunal fails to observe the time periods set forth under this Law or to render a decision in a timely manner under Article 74 or paragraph (2) of Article 84, the CBI shall revoke the banking license of the bank and liquidate the bank in accordance with the procedures prescribed by Article 69.

Article 78 Bankruptcy decision

By the decision of the Tribunal to grant a petition for opening bankruptcy proceedings against a bank, the bank shall be declared bankrupt, bankruptcy proceedings opened against the bank and a receiver appointed by the Tribunal under Article 80.

Article 79 Service and publication of bankruptcy decision

Immediately after the Tribunal has issued a decision opening, or rejecting a petition for opening, bankruptcy proceedings against a bank, the decision shall be served by the Tribunal on the CBI, the creditors filing such petition, and on the bank and the Tribunal shall arrange for publication of the decision in the Official Publication and in at least two newspapers of general circulation.

Article 80 Receiver

1. The receiver appointed by a decision of the Tribunal opening bankruptcy proceedings against a bank, or under paragraph (5) of this article with respect to any replacement receiver, shall be selected by the Tribunal from a list of candidates submitted to the Tribunal by the CBI. Only fit and proper persons are eligible to serve as receiver or replacement receiver for a bank. The bankruptcy decision shall specify the remuneration and the other terms and conditions of employment of the receiver. The remuneration and other costs and expenses incurred on account of the receiver shall be paid from the assets of the bank for which the receiver is appointed.

2. The CBI shall indemnify the receiver of a bank for all liabilities and all costs and expenses incurred by the receiver on account of the receivership to the extent that such liabilities, costs or expenses exceed the assets of the bank available to meet them.

3. Receivers shall carry out their activities under the direction and supervision of the CBI, which on the appointment of the receiver, shall provide the receiver with written directions including a list of activities which the receiver may undertake without the need for involvement of the CBI. Such directions shall include a delegation of authority to the receiver to enter into individual transactions not to exceed a stated amount for each such transaction, including, but not limited to, sales of assets, individually or by bulk sale. Although the receiver may at any time apply to the CBI for directions, the receiver shall be obligated to apply to the CBI for directions only where specifically required to do so by a provision of this Law.

4. A receiver may employ at the expense of the bank for which the receiver has been appointed such independent attorneys, accountants and consultants, on such terms and conditions, as the CBI shall approve.

5. The Tribunal shall replace the receiver immediately upon the request of the CBI:

a. upon the resignation, death or incapacity to act of the receiver;

b. in the event that the receiver does not diligently perform the receiver's tasks;

c. in the event that the receiver no longer is a fit and proper person; or

d. if for any other reason, the receiver becomes ineligible to serve in that capacity.

6. Whenever a receiver is replaced, the person replacing the receiver shall succeed to the powers of the receiver being replaced, and the books, records and remaining assets of the bank in the custody of the receiver being replaced as well as the books and records of the receivership shall be promptly transferred into the custody of that person.

Article 81 Powers of the receiver

1. Upon appointment the receiver shall become the sole legal representative of the bank, and shall succeed to all rights and powers of the shareholders of the bank relating to their shares of capital stock of the bank, the board of directors of the bank, and the authorized manager of the bank. Such rights and powers shall include holding title to the books, records, and assets of the bank; operating the bank; marshalling assets and claims; transferring or disposing of assets; and taking any other action necessary to the effective liquidation of the bank.

2. Claims against the bank shall be served on the receiver for the bank.

Article 82 Effect of bankruptcy decision

1. The decision of the Tribunal opening bankruptcy proceedings against a bank shall take effect at the time that the decision is taken.

2. Immediately upon the decision referred to in paragraph (1) above taking effect, the bank shall cease to take deposits from the public.

3. Acts performed by or on behalf of the bank after the bankruptcy decision takes effect shall be legally void and unenforceable, except for acts performed by or under authority of the receiver for the bank and acts deemed beneficial to the estate of the bank by the receiver and ratified by the receiver.

4. As a result of the bankruptcy decision, all current court proceedings against the bank are stayed; and no court proceeding against the bank shall commence after the bankruptcy decision takes effect, except with the leave of the Tribunal and subject to such terms as the Tribunal imposes.

5. As a result of the bankruptcy decision, all attachments or liens in aid of execution in favor of the bank's creditors or other restraints on the bank's assets shall be deemed removed by operation of law. Attachments placed and acts of execution performed after the bankruptcy decision takes effect shall be void, except for execution in accordance with the provisions of

Article 91 of assets encumbered by a mortgage or lien to the extent of the debt secured by such encumbrance.

6. Neither interest nor any other charge shall accrue on liabilities of a bankrupt bank after the bankruptcy decision takes effect.

7. Transfers of shares of a bankrupt bank made after the bankruptcy decision takes effect, except for transfers made with the prior consent of the CBI, shall be void.

8. All legal acts of the bank that are taken within 60 business days before the time of the decision whereby bankruptcy proceedings are opened against the bank shall upon application of the receiver be declared null and void by the CBI if the bank and its counterparty in the act knew or should have known at the time of the act that the act would damage the interests of creditors of the bank. Such knowledge shall be presumed whenever the act consists of:

a. a gift or other transfer without consideration to any person;

b. a payment or transfer to an owner, administrator or employee of the bank, unless such owner, administrator or employee shows to the satisfaction of the Tribunal that the payment or transfer concerned his or her employment by the bank or concerned an account maintained with the bank, or that he did not know that the payment or transfer would damage interests of creditors of the bank;

c. a payment or transfer before its due date or the transfer of collateral for a debt before the due date of the debt;

d. the conclusion or performance of a contract imposing obligations on the bank that are significantly more onerous than the obligations imposed on the other party or parties to the contract;

e. an arrangement between the bank and one or more others, other than an eligible financial contract defined in Article 88, permitting an offset between rights and obligations of the bank that without such arrangement would not have been permissible before the time of the bankruptcy decision; or

f. interbank transfers between a domestic branch of a foreign bank and such foreign bank or its branches or subsidiaries abroad.

Article 83 Finality in payment and securities settlement systems

1. Notwithstanding the provisions of paragraph (4) of Article 61, paragraph (2), sub-paragraph (a) of Article 69, and paragraph (2) and paragraph (7), sub-paragraphs (b) and (c) of Article 82:

a. irrevocable money and securities transfer orders entered by a bank into a payment or securities settlement system recognized as such by the CBI shall be legally

enforceable and binding on third parties, even in the event of a decision of the Financial Services Tribunal opening bankruptcy proceedings against the bank, but only if the transfer orders become irrevocable before the bankruptcy decision takes effect; or

b. where a bank enters irrevocable money or securities transfer orders into a payment or securities settlement system after a court decision opening bankruptcy proceedings against the bank takes effect and the transfer orders are carried out on the day of the Tribunal decision, the transfer orders shall be legally enforceable and binding on third parties, unless the receiver proves that the system operator was aware of the bankruptcy decision before the transfer orders became irrevocable.

2. No law, regulation, rule or practice on the setting aside of contracts and transactions issued or adopted before the Tribunal decision opening bankruptcy proceedings against a bank takes effect shall lead to the unwinding of a netting by a payment or securities settlement system recognized as such by the CBI because of that decision.

3. For the purposes of this article:

a. a transfer order entered into a money or securities settlement system becomes irrevocable at the time defined by the rules of that system; and

b. “netting” means the conversion into one net claim or one net obligation of claims and obligations resulting from transfer orders which a participant or participants in a settlement system either issue to, or receive from, one or more other participants in that system with the result that only a net claim or a net obligation remains.

Article 84 Transfers of bank shares, bank assets and liabilities

1. In the interests of preserving the soundness of the banking system and to maximize the value of a bank for its creditors, in the event that the receiver, with the concurrence of the CBI, determines that engaging in a transaction or series of transactions set forth in sub-paragraphs (a) or (b) of this paragraph is necessary, the receiver shall apply to the Tribunal for approval to:

a. transfer all or substantially all of the shares in capital stock of the bank; or

b. transfer all or substantially all of the assets of the bank or all or substantially all of the liabilities of the bank, or both;

provided, however, that the approval of the Tribunal shall not be necessary for transactions other than those referred to in sub-paragraphs (a) and (b) above.

2. The Tribunal shall render a decision approving or disapproving the application of the receiver referred to in paragraph (1) above within three business days of receipt of such application.

3. A transaction pursuant to paragraph (1) may be requested and authorized at any time after the filing of a petition for opening bankruptcy proceedings against the bank until the bank has been liquidated.

3. A transfer of liabilities under paragraph (1), sub-paragraph (b) shall become effective for all interested parties at the beginning of the day following the day of publication of a notice of the transfer in the Official Publication.

Article 85 Property report

1. Within two weeks from the date of the Tribunal decision opening bankruptcy proceedings against a bank, the receiver shall submit to the CBI a property report listing:

a. the assets of the bank, including claims of the bank on account of unpaid subscriptions of capital stock of the bank, loan and guarantee agreements, and agreements of purchase or sale, as well as the book values and estimated liquidation values of the assets;

b. the contracts pursuant to which property of the bank is held by other parties, including rental, lease and collateral agreements;

c. the contracts pursuant to which the bank receives services; and

d. the significant transactions entered into by the bank during the period of 60 business days immediately preceding the date of the bankruptcy decision.

2. The report shall be updated quarterly and shall be made available at the CBI for inspection by the creditors of the bank whose claims are included on the list of approved claims prepared pursuant to Article 87.

Article 86 Registration of claims

1. Except as provided in paragraphs (1) and (2) of Article 87, claims on a bankrupt bank shall be registered with the receiver in writing within 60 business days from the date that the Tribunal decision opening bankruptcy proceedings against the bank is published in the *Official Gazette*; at the request of three or more creditors submitted to the Tribunal at least ten days prior to the expiration of the period referred to in this paragraph, the Tribunal may once extend this term for all creditors by 20 business days on grounds of equity.

2. Claims shall be registered together with documentary evidence of the claim and the following information:

a. the name and address of the creditor;

b. the amounts of interest and other charges, penalties and taxes included in the principal amount of the claim; and

c. details concerning any mortgage, lien or guarantee securing the claim, including the name and address of any guarantor.

3. The decision of the Tribunal opening bankruptcy proceedings against a bank suspends the authority of depositors to access their deposits recorded in the books or records of the bank.

4. Creditors shall be given a registration receipt by the receiver on the registering of a claim, which receipt shall be conclusive evidence of registration.

Article 87 Admission of claims

1. Only claims that are registered in accordance with Article 86 may be admitted by the receiver, except that claims on account of deposits recorded in the books or records of the bank shall be admitted for the amounts so recorded without requiring registration.

2. Registered claims recorded in the books or records of the bank shall be admitted by the receiver as recorded without further proof, except that claims registered for an amount that is less than the amount recorded by the bank shall be admitted only for the lesser amount.

3. Creditors of the bank with claims secured by a mortgage or lien resting on assets of the bank may register their claims for the amount by which the amount of the claim exceeds the expected sales value of the asset in a public auction or the market value as determined by an independent appraiser. Any claim so registered shall not be admitted until the auction has taken place or title to the asset has been otherwise transferred pursuant to Article 91.

4. Claims whose value is uncertain may be admitted for a value estimated by the receiver.

5. After examining the registered claims, the receiver shall record the claims admitted by the receiver on a list of admitted claims and the claims contested by the receiver on a list of contested claims specifying the reasons for the opposition. Registered claims contested in part shall be recorded on both lists for the admitted part and the contested part respectively. Both lists shall for each claimant specify name and address, the amounts of the claims, and whether the claims are secured by collateral; claims of equal ranking shall be listed together, in the order of their priority of payment.

6. Both lists shall be completed and submitted to the Tribunal for approval within 30 business days from the deadline for registration of claims. Thereafter, the receiver shall submit quarterly updated lists to the Tribunal for approval. Before approving the lists, the Tribunal may move claims from one list to the other in consultation with the receiver. The Tribunal may specify the evidence required for the approval of contested claims.

7. The Tribunal shall set dates for hearings where creditors whose claims are contested may submit evidence to prove their claims to the receiver and the Tribunal, provided that such

hearings shall be held not later than 40 business days after the date on which the list of contested claims is submitted to the Tribunal. Creditors shall be notified of the date of each hearing by mail and by notice placed by the receiver in the Official Publication. No creditor need be notified of a hearing by mail more than once for the same claim. Following the hearing, the Tribunal shall decide whether the contested claims shall be approved or rejected. Claims for which the creditor fails to appear at the hearing of which the creditor has been notified by mail shall be regarded as rejected. Creditors whose claims have been rejected shall be notified by the receiver in writing.

8. The approval by the Tribunal of claims shall be final. Claims approved by the Tribunal shall be removed from the list of admitted claims or the list of contested claims and be recorded on a list of approved claims kept by the Tribunal and the receiver. Creditors whose claims have been approved by the Tribunal shall be notified by the receiver in writing.

9. No payment shall be made by the receiver on account of claims that are rejected by the Tribunal. The creditor whose claim has been rejected by the Tribunal may appeal the decision of the Tribunal to the appropriate appellate court within two weeks after the date of receipt of notice of the decision.

Article 88 Set off and netting

1. Except as otherwise stated in this article, nothing in this Law and no decision made under this Law shall prevent or prohibit the set off by operation of law of obligations between a bankrupt bank and its contractual counterparties.

2. In determining the rights and obligations between a bankrupt bank and its contractual counterparties, effect shall be given to the termination provisions of eligible financial contracts between them. The net termination value determined in accordance with an eligible financial contract between them shall be a claim of the bank on the counterparty or shall be admitted after its registration as a claim of the counterparty on the bank. In this paragraph (2), “eligible financial contract” means any of the following agreements:

a. a currency or interest rate swap agreement;

b. a basis swap agreement;

c. a spot, future, forward or other foreign exchange agreement;

d. an agreement providing for a cap, collar or floor transaction;

e. a commodity swap agreement;

f. a forward rate agreement;

g. a repurchase or reverse repurchase agreement;

h. a spot, future, forward or other commodity agreement;

i. an agreement to buy, sell, borrow or lend securities, to clear or settle securities transactions or to act as a depository for securities;

j. any derivative, combination or option in respect of, or agreement similar to, an agreement referred to in sub-paragraphs (a) to (i);

k. any master agreement in respect to an agreement referred to in sub-paragraphs (a) to (j);

l. any master agreement in respect of a master agreement referred to in sub-paragraph (k);

m. a guarantee of the liabilities under an agreement referred to in sub-paragraphs (a) to (l); and

n. any agreement of a kind prescribed by regulation of the CBI;

and "net termination value" means the net amount obtained after setting off the mutual obligations between the parties to an eligible financial contract in accordance with its provisions.

3. Except as provided by Article 83, no set off shall be allowed with respect to claims acquired and debts assumed with respect to a bank after the Tribunal decision opening bankruptcy proceedings against the bank takes effect or with respect to claims acquired and debt assumed in bad faith before that decision takes effect.

Article 89 Termination of current contracts

All current contracts or portions of contracts of a bankrupt bank for the delivery of goods or services, including contracts of sale, rental and lease contracts, hire purchase contracts and employment contracts, may be terminated unilaterally by the receiver within a reasonable time after the petition for opening bankruptcy proceedings has been granted not to exceed 60 business days, provided, however, that any party or beneficiary to such contract may register a claim for compensation for breach of contract, which compensation shall be limited to direct compensatory damages up to the date of termination of such contract by the receiver, with interest to the date of payment, but which shall not include any punitive damages, damages for pain and suffering, or any damages for lost profits or lost opportunities.

Article 90 Negotiated settlements

With the prior approval of the CBI, the receiver for a bank may enter into and carry out negotiated settlements of claims with any creditor and debtor of the bank. No such settlement shall be subject to opposition, review or appeal.

Article 91 Secured claims

1. Assets securing an approved claim of a creditor against the bank shall be sold in a commercially reasonable manner and the secured creditor shall be deemed repaid in full to the extent that proceeds of the sale provide sufficient funds to cover the approved claim. If proceeds of the sale exceed the approved value of a claim, any such excess funds shall be remitted to the receiver for inclusion in the assets of the bank available for distribution to other creditors as provided in paragraph (1) of Article 92. If the proceeds of the sale are insufficient to satisfy the approved value of a claim in full, the balance shall be treated as an unsecured claim of the creditor against the bank pursuant to paragraph (1), sub-paragraph (f) of Article 92.

2. In the case of secured claims of the bank against other persons, if the claim is due on demand or is mature, or if the maturity of the claim can be accelerated, the assets securing the bank's claim shall be placed at the disposal of the receiver promptly upon the receiver's request. The assets shall be sold in a commercially reasonable manner and the bank shall be deemed repaid in full to the extent that the proceeds of the sale generate sufficient funds to cover the claim. If proceeds of the sale exceed the value of the bank's claim, any such excess funds shall be remitted to the owner of the assets. If the proceeds of the sale are insufficient to satisfy the value of the bank's claim in full, the receiver may proceed against the obligor to recover the deficiency. Secured claims of the bank against other persons that are not yet mature where the maturity cannot be accelerated under the terms of any applicable agreement may be sold by the receiver without the consent of such other persons.

3. Assets shall be deemed to have been sold in a commercially reasonable manner when they are disposed of as follows:

a. securities, foreign currencies and other assets that can be readily sold at market sold in the markets where they are traded; and

b. sold at public auction, provided that if the receiver determines that no reasonable price can be obtained for assets in a public auction, the CBI may authorize the receiver to sell the assets privately at a price approved by the CBI.

4. Any dispute between the receiver and a secured creditor as to the value of an asset securing a claim shall be resolved by the CBI unless the asset is sold at market or at public auction, in which event the sales price at market or at public auction shall be conclusive as to the value of the asset.

5. Notwithstanding paragraph (1) above, with respect to assets other than those set forth in paragraph 3, sub-paragraph (a), the receiver may satisfy the claim of any secured creditor by payment to such creditor without the need for a public auction. In such event, the receiver may rely on an appraisal of an independent third party of the assets in question.

Article 92 Priority of payments

1. The assets of a bankrupt bank shall be distributed among its creditors in the following order of priority:

a. claims with regard to deposits that are not in the form of debt securities up to a maximum amount of 5 million *dinars* per depositor;

b. all costs and expenses on account of the administration of the bankruptcy or the conservatorship;

c. liabilities of the bank on account of conservatorship and rehabilitation;

d. state and local taxes and state social security premiums due over a period of not more than one year preceding the date of the bankruptcy decision;

e. salary payments to employees of the bank, excluding any remuneration of members of the board of directors, as accrued to the date of the decision to open bankruptcy proceedings;

f. any claims of depositors not paid under sub-paragraph (a) together with claims of unsecured creditors; and

g. any claims relating to subordinated debt.

2. Remaining assets shall be transferred to the owners of the bank pro rata to their respective ownership shares.

Article 93 Liquidation plan

1. Within 60 business days from the date of the decision of the Tribunal opening bankruptcy proceedings against a bank, the receiver shall prepare and submit to the CBI for its approval a detailed liquidation plan for the bank. The plan shall include:

a. a current pro forma balance sheet showing the assets and liabilities of the bank valued at their estimated liquidation value and a pro forma balance sheet of the expected assets and liabilities of the bank at a date about three months later; the balance sheets shall show liabilities as admitted claims of creditors as well as approved claims and contested claims of creditors;

b. quarterly statements of past and projected income and expenses of the bank;

c. a progress report on the sale and on plans for the sale of major assets or groups of assets of the bank;

d. a report on the judicial or extrajudicial pursuit of claims of the bank, including court action to obtain annulment of fraudulent agreements and the transfers made and rights created by them;

e. a report on illegal activities of administrators of the bank and actions to obtain compensation for the bank;

f. a report on the continuation or termination of ongoing contracts, such as insurance, employment and service contracts of the bank, including a detailed analysis of financial provisions for bank employees;

g. a report on the liabilities of the bank and a schedule of expected payments to creditors of the bank during the next quarter; and

h. a report on the costs and expenses of the receivership as of the date of the liquidation plan, and an estimate of future costs and expenses.

2. The liquidation plan shall be updated quarterly. After its approval by the CBI, the liquidation plan shall be available for inspection by the creditors of the bank whose claims are included on the list of approved claims prepared pursuant to Article 87.

Article 94 Rehabilitation of bankrupt banks

No bankrupt bank shall be rehabilitated in whole or in part except as provided by Article 67.

Article 95 No compromise with creditors

Subject to the provisions of Article 90, there shall be no compromise or other arrangement with groups of creditors concerning a bankrupt bank.

Article 96 General meeting and committee of creditors

1. There shall be no general meeting of creditors concerning the liquidation of a bankrupt bank unless, at the request of the receiver, the CBI decides that such meeting is desirable to achieve an efficient liquidation of the bank.

2. There shall be no committee of creditors concerning the liquidation of a bankrupt bank unless, at the request of the receiver, the CBI decides that such committee is desirable to represent and protect significant interests of one or more classes or groups of creditors.

3. The CBI decisions authorizing a general meeting of creditors or a committee of creditors shall specify the tasks of the meeting or the committee and the scope of its activities.

Article 97 Immediate advances to depositors

Claims on account of demand deposits with a bankrupt bank that are not in the form of debt securities may be paid in advance of any other distribution to unsecured creditors up to a maximum amount of 5 million *dinars* per depositor.

Article 98 Distribution of payments

1. Subject to Article 92, approved claims shall be ranked and combined according to their priority of payment and recorded in a distribution schedule. Except for the provisions of Article 97, the amounts to be paid on claims of the same class shall be determined on the basis of the same percentage applied to the amount of available funds.

2. At any time, and consistent with Article 92, the receiver may propose and the CBI may approve a distribution schedule of payments to be made to creditors of the bank with approved claims.

3. Immediately after the approval of a distribution schedule by the CBI, the receiver shall make the payments listed in that distribution schedule. Amounts included in a distribution schedule that cannot be paid because the creditors cannot be identified or contacted shall be deposited in an account with the CBI. The receiver shall publish a notice in the Official Publication and two newspapers of general circulation inviting these creditors by name to come forward. The amounts so deposited shall remain available for payment to the creditors or their successors until the statute of limitations for the claims has run out, in which case the unpaid amounts shall be transferred to the State Treasury.

Article 99 Bankruptcy proceedings concerning branch or representative office

1. Bankruptcy proceedings may be opened against a domestic branch office or a domestic representative office of a foreign bank:

a. if any of the grounds listed in Article 71 applies to such office as if it were a separate legal entity; or

b. at the petition of the CBI, if bankruptcy proceedings have been opened against the foreign bank in the country where its head office is located or where it principally carries on business.

2. The provisions of this section shall apply to the domestic branch offices and domestic representative offices of a foreign bank as if all these offices together were to form a single legal entity. All assets, liabilities, acts and omissions of the foreign bank resulting from or otherwise relating to the business of any such office shall be attributed to that single entity in applying the provisions of this article. The receiver shall be authorized to take all actions with respect to such single entity as could be taken, were it to be a domestic bank, by the authorized manager or shareholders at the general meeting of shareholders.

3. At the time that the decision of the Tribunal opening bankruptcy proceedings against a domestic branch office or a domestic representative office of a foreign bank is served on that

office, the foreign bank shall cease all banking activities in Iraq, except for banking activities carried out by or with the prior written authorization of the receiver appointed for that office.

4. In its application in bankruptcy proceedings opened against an office of a foreign bank, Article 88 only applies to the set off and netting of obligations resulting from or otherwise relating to the business of the foreign bank in Iraq.

5. Bankruptcy proceedings in Iraq opened against an office of a foreign bank shall not limit the rights of creditors of the foreign bank to pursue foreign assets of that bank in satisfaction of their claims.

Article 100 Cross border bank insolvency

1. In order to promote equal access of domestic and foreign creditors to a universal pool of assets of a bankrupt bank with cross border activities:

a. if a bankrupt domestic bank has branch offices or representative offices in a foreign country, the CBI shall cooperate as much as possible with the authorities of that country;

b. if a creditor of a bankrupt domestic bank has received partial payment on its claims in a foreign country, the balance of its claims may be presented for payment together with costs incurred in the proceeding in Iraq;

c. the Financial Services Tribunal shall decide to what extent foreign bankruptcy decisions, conservation measures and bank rehabilitation measures concerning foreign banks should be recognized with respect to their domestic branch offices and representative offices; and

d. if a foreign bank is in liquidation in the country in which its head office is located or where it principally carries on business, the Tribunal may at the request of the CBI authorize the transfer to the liquidator in that country of such assets of the foreign bank as the CBI shall deem advisable and in the interest of the creditors of that bank.

2. A receiver or conservator for any bank shall be the sole representative of such bank, its branches, offices, and subsidiaries, wherever situated, and may take such action in the courts of Iraq or other jurisdictions, as may be necessary or appropriate to carry out the provisions of this Law.

Article 101 Consultations between the Financial Services Tribunal and CBI

Before taking any decision affecting a bank declared bankrupt, the Tribunal shall inform the CBI of its proposed decision and afford the CBI a reasonable opportunity to give its advice to the Tribunal concerning the proposed decision. In making its decision, the Tribunal shall take account of the advice of the CBI. In the event that the Tribunal rejects all or part of the

advice of the CBI, the decision shall describe the advice so rejected and give the grounds for the rejection.

Article 102 Termination of bankruptcy proceedings

1. Upon termination of the receiver's tasks, the receiver shall be discharged by decision of the Tribunal, but not before the receiver has prepared and submitted to the Tribunal a report of the receivership. The decision of discharge by the Tribunal shall direct where the books and records of the bank and the receivership shall be deposited.

2. The bankruptcy proceedings against a bank shall be terminated by decision of the Tribunal when all assets of the bank have been liquidated and the proceeds paid to the creditors of the bank or deposited with the CBI to remain available for payment to creditors of the bank pursuant to paragraph (3) of Article 98.

3. The decision of the Tribunal terminating bankruptcy proceedings against a bank shall be published by the Tribunal in the Official Publication.

Section 15 – Final Provisions

Article 103 Applicability of certain laws

The provisions of the Public Companies Law or any other law that may replace either of the aforesaid two laws shall apply to banks to the extent that these provisions do not conflict with the provisions of this Law and the Central Bank of Iraq Law and regulations and orders issued there under.

Article 104 Regulations

1. The CBI shall have the power to issue regulations, orders, guidance, and information to facilitate the implementation of this Law. Regulations, and any subsequent amendments thereof, shall be published in the Official Publication.

2. If the CBI proposes to issue a regulation pursuant to this Law, it shall publish a draft of the proposed text of the regulation in a form and in a manner determined by it to be best calculated to bring the proposed regulation to the attention of the domestic banking industry and the general public. The draft shall be accompanied by an explanation of the purpose of the proposed regulation and a request for comments within a specified time of not less than one month after the date of publication of the draft. The CBI shall have regard to any comment received and issue the final text of the regulation accompanied by an account in general terms of the comments. This procedure shall not apply if the delay involved would be a serious threat to the interests of the banking system, provided that such decision by the CBI shall be explained in the preamble to the regulation.

Article 105 Judicial review

1. Final orders and decisions of the CBI under this Law shall be subject to review in a court of law only as stipulated in this Law.

2. Any aggrieved party may, within 30 days following the date of receipt of the order or decision, or within such shorter period of time as is specified in this Law, appeal any final order or decision of the CBI:

a. rejecting the application for a license or permit under paragraph (8) of Article 8;

b. revoking the license or permit under Article 13; or

c. imposing any measure or administrative penalty pursuant to paragraph (2) of Article 56

to the Tribunal, which must decide the appeal pursuant to the Central Bank of Iraq Law, provided that the filing of an appeal does not automatically result in a suspension of the revocation or any measures or administrative penalties imposed by the CBI.]

3. Tribunal decisions may be appealed for judicial review only as provided for in the Central Bank of Iraq Law.

4. Notwithstanding paragraph (2) above, in any case brought under Articles 59 through 102 of this Law, the Tribunal, or other appropriate court may award monetary damages, but shall not suspend, enjoin, terminate or bar any act of a conservator, receiver, the CBI or the State, except with respect to a decision by the Tribunal regarding the removal of a conservator under Article 63.

Article 106 Transitional provisions

1. The Post Office shall be exempted from the application of this Law through December 31, 2005.

2. Every bank that, on the date that this Law enters into effect, carries a banking license or permit issued by the CBI may continue to operate as a bank and shall be subject to the provisions of this Law.

3. Every bank that, on the date that this Law enters into effect, carries a banking license or permit shall provide the CBI with a list of shareholders as described in paragraph (2), sub-paragraph (e) of Article 5, and for each owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, the information and an affidavit as described in paragraph (2), sub-paragraphs (d), (f) and (j) of Article 5, and such other information on their owners, in particular owners of a qualifying holding, as requested by the CBI, within one year of the law’s entry into force.

4. The capital requirements set out in paragraph (1) of Article 14 and paragraph (1) of Article 16 shall not apply through December 31, 2005 for every bank that, on the date that

this Law enters into effect, carries a banking license or permit issued by the CBI and which has obtained the CBI's approval of a plan and timetable detailing the proposed increase of its capital by December 31, 2005.

5. The prohibition established in paragraph (2), sub-paragraph (b) of Article 30 shall not apply through December 31, 2005, provided that banks may not increase the aggregate outstanding principal amount of any such single large credit exposure exceeding the limit of 25 percent during that time.

6. Through December 31, 2004, banks are prohibited from engaging in active trading in equities for their own account and shall not acquire stocks, shares, or equity-linked bonds by means of purchase without the CBI's prior approval.

7. Notwithstanding the limit established in paragraph (3) of Article 60, through December 31, 2005, the term of appointment of a conservator may be extended for two further periods of up to 18 months each, provided that such appointment shall extend through June 30, 2007 at the latest.

8. Through December 31, 2004, the provisions of section 7 shall not apply to banks that are solely owned by the State, provided they are subject to a government audit by the Board of Supreme Audit.

Article 107 Relationships to other provisions of the laws of Iraq

1. Provisions in the Law of Companies that limit the percent of participation in companies is not applicable to shareholdings in banks.

2. In case of inconsistency with a provision of any other law of Iraq, this Law shall prevail.

Article 108 Entry into force

This law shall enter into force on the same date that the Order authorizing this law enters into force. Thereafter, this law shall be published in the Official Publication.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 41

NOTIFICATION OF CRIMINAL OFFENSES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting the requirement under Iraqi law to notify public authorities of information concerning an attempt to commit or the commission of certain offenses involving the use of explosives or firearms and the destruction or damage of public assets and infrastructure,

Recognizing the imperative that all persons in Iraq assist in and support the efforts of Iraqi public authorities, Coalition authorities, and the international community to improve the conditions and security of the people of Iraq,

Determined to act decisively to ensure public security and to prevent acts of sabotage and terror,

I hereby promulgate the following:

Section 1
Interpretation of Law

1) For the purposes of Paragraphs 190, 193-197, 216 (except with respect to Paragraphs 191 and 192) and 219 in the Penal Code Law No. (111) of 1969 as amended and modified by CPA Order Number 7, Penal Code, CPA/ORD/9 June 2003/07 ("the Code"), references to "government" and the "State" shall be interpreted to include the Governing Council, the interim Iraqi Ministers, those persons specifically authorized to draft the new Iraqi constitution, the CPA and Coalition Forces.

2) For purposes of clarity, the notification requirement set forth in Paragraph 219 shall be applicable to, among other things, knowledge of offenses under Paragraph 197. This would include, for example, knowledge of offenses, committed with the intent to spread panic among the population or create anarchy, involving the destruction of or serious damage to public property of significant national economic importance (including an oil pipeline), public buildings (including a mosque), and government property (including a vehicle of the Governing Council, Coalition Forces or the CPA).

Section 2
Additional Penalties

1) At the discretion of the Administrator, foreign nationals convicted of an offense under Paragraph 219 of the Code may be deported consistent with applicable law.

2) Where individuals who are employees of organizations are convicted of an offense under Paragraph 219 of the Code for acts committed in the course of their employment duties, and the supervisors, management or executive officers of the organization aided, abetted, encouraged or acquiesced in the offense, then the organization shall be liable for a fine of up to US$5 million.

Section 3
Preservation of Discretion

Nothing in this Order shall in any way limit the right of the CPA and Coalition Forces to take direct action in accordance with international law, including Article 53 of the Hague Regulations of 1907.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

9/15/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 42

CREATION OF THE DEFENSE SUPPORT AGENCY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recalling that U.N. Resolution 1483 (2003) called upon the CPA to promote the welfare of the Iraqi people through the effective administration of the territory, including in particular working towards the restoration of conditions of security and stability.

Further Recalling that CPA Order Number 22 established a New Iraqi Army as the first step towards the creation of the national defense force which is essential to the security and stability of Iraq,

Acknowledging that effective, centralized administrative and logistical support are vital to the success of the New Iraqi Army,

I hereby promulgate the following:

Section 1
Establishment

1) This Order establishes the Defense Support Agency (DSA) as a civilian agency charged with the administrative and logistical support of the New Iraqi Army.

2) The DSA shall operate under the authority, direction and control of the CPA.

3) The DSA shall operate pursuant to this order unless or until it is dissolved by the Administrator of the CPA ("the Administrator") or the internationally recognized, representative government established by the people of Iraq.

Section 2
Duties

1) The DSA shall be responsible for the following functions in support of the New Iraqi Army:

 a) Finance and accounting, including payroll, disbursements, and accounting for expenditures by the New Iraqi Army;

 b) Personnel management;

c) Training support;

d) Recruitment;

e) Procurement;

f) Logistics support, including maintenance, supply, and transportation;

g) Medical support;

h) Legal affairs;

i) Real property management, including construction and repair of New Iraqi Army buildings and oversight of the management of military bases by their commanders; and

j) other duties in support of the New Iraqi Army as determined by the Administrator.

2) The DSA shall not exercise any command authority or staff function over New Iraqi Army military units, or be responsible for setting security policy. Nor shall the DSA be responsible for determining the requirements of the New Iraqi Army.

3) The DSA shall submit a quarterly report to the Governing Council detailing its prior quarter activities and plans for the following quarter.

Section 3
Structure

1) The Administrator shall appoint a Director-General of the DSA. Until such appointment has been made, the CPA Director of Security Affairs (National Security and Defense) shall serve as interim Director-General. The Director-General shall report directly to the Administrator.

2) The DSA shall initially consist of six Departments:

a) Financial Management;

b) Personnel Management, Recruiting, and Training;

c) Procurement and Logistics Support;

d) Real Property Management;

e) Legal Affairs; and

f) Medical Support.

3) The Director-General, with the approval of the Administrator or his designee, shall appoint the Director of each Department.

4) The Director-General may establish, reorganize, or eliminate Departments by Administrative Instruction. Likewise, the Director-General may apportion, re-apportion or remove Department responsibilities by Administrative Instruction. Any such Administrative Instructions shall require the approval of the Administrator or his designee.

5) Defense Support Agency personnel shall be civilians and may include former military personnel and civilian state employees. No person who was a full member of the Baath Party holding the rank of 'Udw Qutriyya (Regional Command Member), 'Udw Far' (Branch Member), 'Udw Shu'bah (Section Member), or 'Udw Firqah (Group Member) shall be eligible for employment in the DSA except with specific permission of the Administrator.

6) Salaries of DSA personnel will conform to the salary structure applicable to Iraqi government employees.

Section 4
Administrative Instructions

The Director-General may issue Administrative Instructions, not inconsistent with Iraqi law or any CPA Order, Regulation, or Memorandum, as necessary to carry out the duties described under this Order.

Section 5
Entry into Force

This Order shall enter into force on the date of signature.

9/15/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 43

NEW IRAQI DINAR BANKNOTES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Noting that different series of Iraqi dinar banknotes are currently circulating in Iraq,

Understanding that there is an urgent economic need for the issuance of banknotes that will instill public confidence and facilitate the use of money for its traditional purposes;

Recognizing the need to strengthen the monetary and financial systems of Iraq, in order to stabilize the economy and create monetary conditions for long-term growth;

Determined to provide a legal framework for the introduction of a new series of Iraqi dinar banknotes to be issued by the Central Bank of the Iraq to replace the currently circulating dinar banknotes;

I hereby promulgate the following:

Section 1
Definitions

"CBI" means the Central Bank of Iraq.

"Conversion Period" means the period of time from October 15, 2003, up to and including January 15, 2004.

"Legal instrument" means any legally binding legislative or statutory provision, act of administration or regulation, judicial decision, contract, unilateral legal act, payment instrument other than a banknote, and any other document or instrument with legal effect.

"Legal tender" means Iraqi dinar banknotes and coins issued by the CBI, that are valid and have not been repealed, which any debtor may legally use for payments of all public and private debts, public charges, taxes and dues of any amount denominated in Iraqi dinars and against which no creditor can legally refuse payment of any amount due to him or her denominated in Iraqi dinars.

"New Iraqi dinar" means the new series of Iraqi dinar banknotes that are issued by the CBI after the date that this Order enters into force.

"1990 dinar" means banknotes issued by the CBI from 1990 up to and including the date that this Order enters into force.

"Official Conversion Rates" means the rates of conversion set forth in Section 5.

"Swiss dinar" means banknotes and coins issued by the CBI from 1959 up to and including 1989.

Section 2
Currency Exchange

The CBI shall be responsible for the exchange of Iraqi dinar banknotes currently circulating in Iraq and may issue Administrative Instructions consistent with this Order, for the purpose of implementing and facilitating the issuance of the New Iraqi dinar and the currency exchange.

Section 3
Issue of New Iraqi Dinar Banknotes

1) The CBI is, pursuant to Article 34 of the Central Bank of Iraq Law No. 64 of 1976, as amended, the sole authority in the Republic of Iraq vested with the power to issue legal tender currency. The CBI, under the supervision of the CPA, shall issue New Iraqi dinar banknotes and determine the denominations, designs, technical specifications, and other characteristics of New Iraqi dinar banknotes.

2) The CBI shall ensure that the banknotes redeemed against New Iraqi dinar banknotes, as provided for by this Order, are safely, promptly and securely destroyed.

3) The CBI shall also decide on the volumes, costs and other particulars related to the production and distribution of the New Iraqi dinar banknotes and on the collection, transportation, and destruction of the banknotes and coins submitted in exchange for New Iraqi dinar banknotes.

4) New Iraqi dinars shall be legal tender within Iraq, effective on the first date of the Conversion Period.

Section 4
Conversion

1) The exchange of currently circulating 1990 dinar banknotes and Swiss dinar banknotes and coins against New Iraqi dinar banknotes shall take place during the Conversion Period by exchanges at the Official Conversion Rates, free of charge, at the offices of the CBI and banks and other institutions designated by the CBI.

2) Notwithstanding paragraph 1 of this Section, Swiss dinar banknotes with a face value of 25 dinars may not be exchanged during the Conversion Period. Such banknotes may only be exchanged pursuant to Administrative Instructions issued by the CBI pursuant to paragraph 3 of this Section.

3) Following the expiration of the Conversion Period, no 1990 dinar banknotes or Swiss dinar banknotes or coins shall be exchanged for New Iraqi dinar banknotes, except as permitted pursuant to Administrative Instructions issued by the CBI.

Section 5
Official Conversion Rates

The 1990 dinar banknotes and the Swiss dinar banknotes and coins shall be exchanged against New Iraqi dinar banknotes at the official conversion rates of one (1) 1990 dinar to one (1) New Iraqi dinar, and of one (1) Swiss dinar to one-hundred-and-fifty (150) New Iraqi dinars.

Section 6
Legal Tender Banknotes

1) During the conversion period, 1990 dinar banknotes, Swiss dinar banknotes and coins, and New Iraqi dinar banknotes shall all be legal tender banknotes in Iraq and each type of Iraqi dinar may be used as such in proportion to its Official Conversion Rate.

2) After January 15, 2004, only New Iraqi dinar banknotes issued by the CBI shall be legal tender banknotes.

Section 7
Freedom of Contract

Parties to a contract or to any other voluntary transaction may denominate the payment obligations arising from such a contract or transaction in Iraqi dinar that is legal tender or in any foreign currency they agree upon and payment in discharge of

any such obligation may be made in any manner, as agreed upon, and as permitted by Iraqi law.

Section 8
Continuity of Contracts

The provisions of this Order shall not have the effect of altering any term of a legal instrument. The provisions of this Order shall not, unless otherwise mutually agreed by the parties to a contract, have the effect of discharging performance or excusing nonperformance under any legal instrument.

Section 9
Conversion of Monetary Obligations

Effective January 16, 2003, all references in legal instruments to the Swiss dinar shall be converted by operation of law to the New Iraqi dinar.

Section 10
Inconsistent Legislation

In the event of a conflict between this Order and any legislation, statute or regulation in force prior to the entry into force of this Order, this Order shall prevail.

Section 11
Entry into Force

This Order shall enter into force on the date of signature.

10/16/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 44

MINISTRY OF ENVIRONMENT

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that responsible management of the environment is essential to foster sustainable development,

Furthering the purposes of the Governing Council to create a ministry responsible for environmental issues,

Recalling CPA Memorandum Number 6, publishing the appointment of the Interim Minister of Environment,

I hereby promulgate the following:

Section 1
Establishment

1) The Ministry of Environment (MOEN) is hereby established.

2) All acts and decisions of the interim Minister of Environment in connection with his office or the Ministry from his appointment by the Governing Council on 7 August 2003 to the formal establishment of the MOEN under this Order are hereby ratified. For the purposes of this ratification, the MOEN is deemed to have been established on 7 August 2003.

3) Subject to transitional provisions in this Order, the Environmental Protection and Improvement Directorate (EPID), established by paragraph 11 of Law Number 3 of 1997, Protection and Improvement of the Environment, is hereby transferred to the MOEN. From the date of transfer to the MOEN, the EPID shall cease to have its own separate legal personality, and Article 11(3) of Law Number 3 of 1997 is hereby suspended.

Section 2
Functions

1) The MOEN shall be responsible for the protection and conservation of Iraq's environment and for the protection of the residents of Iraq from environmental risks

to human health and from environmental pollutants. The MOEN shall ensure that environmental protection is an integral factor in developing policies concerning natural resources, human health, economic growth, energy, transportation, agriculture, industry, and international trade.

2) The MOEN shall develop policies, run environmental programs and promulgate and enforce standards pursuant to Law Number 3 of 1997 and this Order.

3) The MOEN shall absorb the EPID into its structure, perform the EPID's functions under its authority, and exercise such powers accorded to the Minister of Health and the Council of Protection and Improvement of the Environment in Chapters III and IV of Law Number 3 of 1997. The MOEN may reorganize and reallocate the assets of the EPID.

Section 3
Structure

1) The interim Minister of the MOEN shall organize the MOEN into such divisions and departments as are necessary. The interim Minister shall ensure, as a minimum, that programs are organized to address environmental concerns in the following areas: radiation control; remediation; solid and hazardous waste management and control; control of toxic substances and hazardous chemicals; ground water; water quality and pollution; air quality and pollution; natural resource protection and land management; and biodiversity. The interim Minister shall ensure, as a minimum, that the following aspects of administration are addressed: media and press relations; security; facilities; personnel and finance; information and technology; legal; enforcement and compliance; international cooperation; a central analytical laboratory; and such regional and local programs as may be required.

2) The Council of Protection and Improvement of the Environment connected with the previous regime's Council of Ministers is hereby abolished. Paragraphs 3 to 6 inclusive of Law Number 3 of 1997 are hereby suspended. The interim Minister shall set up a consultative body composed of representatives of other Ministries to coordinate on policies and programs affecting the environment, and other Ministries shall co-operate with the MOEN.

Section 4
Personnel and Administration

1) The MOEN shall have power to hire and employ personnel in accordance with Iraqi law, as amended by CPA Orders and Memoranda. Such hiring shall be consistent with CPA Order Number 1 and any authorized implementation thereof.

2) Salaries of MOEN personnel shall conform to the salary structure applicable to Iraqi government employees.

3) The staff of the EPID shall be transferred immediately to the MOEN, and the Minister of Environment shall assume full authority, direction and control over this staff.

Section 5
Transitional Arrangements

1) The Ministry of Health (MOH) shall be responsible for the pay and personnel records of EPID staff until 1 January 2004, unless responsibility is transferred to the MOEN at an earlier date by mutual consent of the MOH and MOEN.

2) The MOH shall coordinate with the MOEN to transfer pay and personnel records as soon as practicable.

3) The MOEN and not the MOH shall administer the employees hired by the MOEN before 1 January 2004.

4) The National Centre for Occupational Health and Safety (NCOHS) shall not be transferred with the EPID to the MOEN, but shall be transferred to the Ministry of Labor and Social Affairs.

Section 6
Property

All the movable and immovable property currently under the control of the EPID shall be transferred to the MOEN, with the exception of the movable and immovable property of the NCOHS which shall be transferred to the Ministry of Labor and Social Affairs.

Section 7
Budget

The MOEN shall coordinate with the Ministry of Finance to transfer to the MOEN the budget allocation of the EPID for the financial year 2004. The MOEN shall further co-ordinate with the Ministry of Finance on its own 2004 budget.

Section 8
Administrative Instructions

The interim Minister, in consultation with the CPA Senior Advisor for Environment, may issue Administrative Instructions, not inconsistent with Iraqi law or any CPA Order, Regulation or Memorandum, prescribing all matters necessary for carrying out the duties described under this Order.

Section 9
Entry into Force

This Order shall enter into force on the date of signature.

11/24/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 45
NON-GOVERNMENTAL ORGANIZATIONS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511(2003),

Recognizing the CPA's obligation to provide for the effective administration of Iraq, and to ensure the well being of the Iraqi people,

Noting the need for a centralized method of registering non-governmental organizations, and the need to take measures to coordinate their activities,

Determined to ensure the security of the Iraqi people and prevent the misuse of non-governmental organizations for fraudulent or illegal purposes,

I hereby promulgate the following:

Section 1
Definition of Terms

1) *"Non-Governmental Organization" ("NGO")* means any organization or foundation that is organized to undertake one or more of the following as its principal activities: humanitarian assistance and relief projects; human rights advocacy and awareness; community rehabilitation and resettlement; charitable works; educational, health, and cultural activities; conservation; environmental protection; economic reconstruction and development; promotion of democratic practices; development of civil society; promotion of gender equality; or any other non-profit activity that serves the public interest. (Unless otherwise specified, the term "NGO" in this Order refers to both Domestic and Foreign NGOs.)

2) *"Domestic NGO"* means an NGO that is established with its registered office or headquarters inside Iraq.

3) *"Foreign NGO"* means an NGO that is established with its registered office or headquarters outside Iraq.

4) *"Minister"* means the Minister of Planning and Development Cooperation.

5) *"Ministry"* means the Ministry of Planning and Development Cooperation.

6) *"The Office"* means the NGO Assistance Office within the Ministry of Planning and Development Cooperation.

7) *"Relevant Ministry"* means the ministry with which an NGO plans and/or implements part or all of it entire program in Iraq.

8) *"International Organization"* means an organization that (a) is created by an international agreement or other formal constitutive document, (b) established under international law, (c) has international legal identity, (d) performs functions of a genuinely international character, and (e) has an organ with independent decision-making. Such term includes, but is not limited to, the United Nations (including its agencies), the Arab League, and the International Monetary Fund, and the World Bank.

Section 2
Registration Requirements

1) NGOs wishing to operate programs in Iraq must be registered.

2) International Organizations shall be accredited by the Minister of Foreign Affairs, or his or her designee, and are not required to register as NGOs.

3) NGOs that are not registered are not legally entitled to operate programs in Iraq.

4) An NGO registers by filing the following with the NGO Assistance Office, or with a regional registration representative designated by the Ministry:

 a) A copy of its articles of association, constitution, or other document stating its aims, objectives, governing structure, and sources of funding.

 b) An application that shall include the following information:

 i) Full name of the organization.

 ii) Full address of the NGO's headquarters and contact person(s) outside of Iraq by name, title, phone number, and email address.

 iii) Full address of the NGO in Iraq.

 iv) Date of arrival of the NGO's representative(s) in Iraq (if the application is made inside Iraq).

 v) Complete list of any previous visits to or activities in Iraq.

 vi) Complete statement of revenue and expenses and assets and liabilities for the current year and the previous 3 years (or the years the organization has existed, if less than 4).

vii) If the applicant has existed for less than one year, it must give financial data for the current year and projected budget for the next two years.

viii) List of any members of the governing body of the NGO who are also public officials or employees of any government or governmental entity.

ix) Domestic NGOs must provide the names and addresses of all members of the board of directors of the NGO, and Foreign NGOs must provide the name of the head of mission in Iraq and the name of the worldwide head of the NGO.

x) List of any organizations or individuals that effectively control, or any organizations that are effectively controlled by, the NGO. (For example, an NGO is effectively controlled by an organization to which it is required to report, or that provides the NGO with directives or policies that the NGO is required to follow. An organization or NGO is effectively controlled if more than 50% of the voting power (or percentage of ownership, if applicable) is controlled (directly or through another entity) by another organization or by another individual or group of individuals acting in concert.)

xi) List of names and addresses of any substantial contributors to the NGO (including, but not limited to, governments, governmental entities, and private foundations making grants to the NGO), amount of the substantial contribution, and relationship of the contributor to the organization. A contribution is substantial if it was received in the current year or any of the previous 3 years, and it is both valued at over 10,000,000 Iraqi dinar and is over 10% of the total revenue for the organization for the year in which it was received.

xii) List of loans to the NGO other than from banks or other lending institutions in excess of both 10,000,000 Iraqi dinar and 10% of its total revenues. Identify the amount of the loan and the lender.

c) A notarized copy of registration or other proof that a Foreign NGO is a legal entity in a foreign country.

d) Certificate or other proof that the Foreign NGO is registered as a not-for-profit entity in its jurisdiction of organization.

e) Written statement by an authorized representative of the NGO's headquarters stating:

i) Activities that the organization is planning to carry out in Iraq.

ii) Name and address and other contact information of the individual or individuals in Iraq authorized to represent the organization and to receive official notices and inquiries.

iii) That the organization is non-political, non-profit making, non-governmental and does not discriminate on the basis of race, religion, or national or ethnic origin.

iv) Sources of its funding for the activities being undertaken within Iraq.

f) A report on its proposed program prepared with consultation with the Relevant Ministry and budget for the first year of its activities.

4) If an NGO is unable to provide the information required or needs additional time to provide the information required, it may request a waiver or extension of time, as appropriate. In filing a request for waiver or extension of time, the NGO shall provide as much of the required information as possible, and shall provide an explanation as to why it is unable to provide all the required information or why it needs additional time. The Office may, in its discretion, grant or deny the request for a waiver.

5) An NGO operating programs in Iraq shall:

a) Submit quarterly activity reports to the Office.

b) Submit all documents, to include those described in Section 2(3), above, in Arabic, Kurdish or English.

c) Observe and abide by the Orders, Regulations, and Memoranda promulgated by the Coalition Provisional Authority, and the laws of Iraq.

Section 3
Processing Applications for Registration

1) If the application contains all required information, the Office shall issue to the NGO a registration certificate or written decision granting or denying registration within 45 business days of receiving an application to register. If the Office requests in writing further information or clarification in connection with the application, the 45-day period within which the Office must make a decision shall start from the date of receiving the requested information by the Office.

2) The Office may deny a certificate if:

a) The registration documents do not comply with the requirements of this Order.

b) The NGO's constitution, conduct, or proposed activities would violate the laws of Iraq or would otherwise constitute a threat to the public order, safety, stability or security of Iraq.

3) The NGO shall have temporary legal status in Iraq upon receipt of the application by the Office in accordance with this Order. This legal status shall be evidenced by (i) a copy of the application; and (ii) proof of filing of the application provided by the Office or proof of mailing provided by a national or international delivery service. Temporary legal status shall entitle the NGO to operate programs in Iraq pending approval of the application. Temporary legal status shall terminate upon the granting or denial of registration.

4) The NGO shall have legal status upon the granting of registration, which shall be evidenced by a registration certificate. Such legal status shall allow an NGO to operate programs in Iraq until such status lapses, or is suspended or revoked.

5) An NGO may in addition to its main office, open other local offices upon prior notification to the Office.

6) The Office may suspend or revoke a registration of an NGO if the NGO violates any provision of this Order.

7) If the NGO has its registration suspended, it may not operate in Iraq for the duration of the suspension.

8) If the NGO has its registration revoked, it may not operate in Iraq.

9) An NGO that has its registration suspended or revoked has sixty days to remedy the situation, and may apply for restoration of its registration with the Office.

10) The Office shall maintain a register of NGOs. The register shall state the name, address, organizational form, and purposes of each NGO. The register shall also include the name, address and other contact information of its authorized representative(s) in Iraq. The Office shall provide such information in the register to each Relevant Ministry and to Coalition Forces and to the CPA as is necessary to carry out the laws of Iraq, including promulgations of the CPA, and to enable Coalition Forces and the CPA to carry out their responsibilities under international law.

Section 4
Dissolution and Cessation of Operations

1) The registration of an NGO shall lapse upon its dissolution or cessation of operations.

a) An NGO shall be deemed to have dissolved or to have decided to cease operations if a decision to this effect is issued by the NGO's governing body.

b) An NGO shall be deemed to have ceased operations if it does not commence operations in Iraq within one year of registration, unless a reasonable justification for the delay is provided to the Office. In such case, forty-five days prior to the expiration of one year from the date of registration, the Office shall send written, facsimile, or electronic notice to the NGO stating that its registration will lapse, and provide the NGO fourteen days from the date of the sending of the facsimile or electronic notice or forty-five days from the date of the mailing of the written notice, in which to respond. If after this time no response is received, the NGO's registration will lapse. If a response is received, the Office will make a determination within thirty days of receiving the response as to whether the delay is reasonably justified. If the delay is reasonably justified, the NGO shall have an additional year in which to commence operations. If it is not, the registration shall lapse.

2) In the event of a decision to dissolve or to cease operations, the NGO shall give a written, facsimile, or electronic notice to the Office thirty days prior to the date of decision to dissolve. If the NGO does not notify the Office within this time, the NGO will not be deemed to have taken the decision to dissolve until thirty days after the date of the electronic mail, facsimile, or the postmark of the envelope containing the notice.

3) An NGO that decides to dissolve or cease operations shall submit a report to the Office, stating:

a) The date of dissolution or cessation of operations.

b) The provisions made for terminating its affairs including arrangements for satisfactory completion of its ongoing projects in Iraq.

c) The amount of assets, if any, remaining after discharge of liabilities.

d) The disposition or intended disposition of those assets, if any.

e) How the determination to dispose of those assets, if any, was made.

4) The Office shall remove the NGO that has dissolved or ceased operations from the register of active NGOs in Iraq.

Section 5
Audit and Review

1) The Office may conduct audits and reviews of NGOs at such times and places in Iraq as it may determine to ensure that NGOs are in compliance with this Order.

2) The Office may request that an NGO supply such documentation to the Office as it determines necessary or appropriate to ensure that the NGO is in compliance with this Order. Such requests may be made electronically, by facsimile, or in writing mailed to the most recent e-mail address or postal address provided by the NGO to the Office. If, after 14 days from the date of the sending of the electronic request or the facsimile request or 45 days from the date of the mailing of the written request, the NGO has not responded, the Office may draw such conclusions as it deems appropriate.

3) If the Office determines, as a result of an audit, review, or document request, that the NGO is not in compliance with this Order, it may (i) provide guidance to the NGO to assist it in complying with the provisions of this Order; (ii) or if the conduct is grossly negligent, fraudulent, criminal, or a threat to security (a) suspend the registration of the NGO for a defined period of time; or (b) revoke the registration of the NGO.

4) If the Office determines, as a result of an audit, review, or document request, that the NGO is engaged in conduct that is grossly negligent, fraudulent, criminal, or a threat to public order, safety, stability or security, it may (a) suspend the registration of the NGO for a defined period of time; or (b) revoke the registration of the NGO.

Section 6
Penalties

If an NGO found to be operating programs after the suspension or revocation of its registration, the Administrator may, in his discretion, close the operation, confiscate the property, and seal the premises of the NGO.

Section 7
Economic Activities

1) An NGO may engage in raising funds for sustaining its programs through income generation projects within Iraq.

2) An NGO may own property, or manage property without possessing it, for the accomplishment of its purposes. Notwithstanding the foregoing, Foreign NGOs are not permitted to purchase or own real property, either directly or through an entity.

3) An NGO shall not distribute any net earnings or profits to any person. The assets, earnings, and profits of an NGO shall be used to support the not-for-profit purposes of the NGO and shall not be used to provide benefits, directly or indirectly, to any founder, director, officer, member, employee, or donor of the NGO or to any individual who is a spouse, child, grandchild, parent, grandparent, or sibling of any of the aforesaid, or majority owner of an entity that is a member of the NGO. This section does not preclude the payment of reasonable compensation and provision of reasonable employee benefits to such persons for work performed for the organization. The NGO may provide such individuals and entities with benefits that are generally available to the public.

4) No part of the income or property of an NGO may be paid to or for the benefit of any political party or for the benefit of any candidate or group of candidates for public office.

Section 8
Partnership Arrangements with Other Agencies and Local NGOs

1) An NGO shall inform the Office and the Relevant Ministry of its intention to enter into a joint venture or other contractual arrangement (an "Arrangement") with one or more foreign entities or international organizations, if such an Arrangement is related to the NGO's operations in Iraq.

2) If an NGO intends to enter into an Arrangement with a local NGO, it is required to inform the Office of its proposed program, including budget, with the local NGO.

Section 9
General Provisions

1) The Minister may delegate to Ministry officials any authority conferred under this Order.

2) The NGO shall submit to the Office an annual activity and financial report for the previous financial year.

3) Two or more NGOs may voluntarily merge in accordance with their constitutions and Iraqi law.

4) An NGO shall inform the Office within thirty business days of any material change with respect to documents submitted for registration.

5) The NGO shall submit a list of all foreign staff stating their qualifications and responsibilities within 90 days of approval of registration. The list shall be updated when the quarterly activity reports are submitted to the Office.

6) This Order supersedes any inconsistent provision of Iraqi law, including statutes, rules, resolutions, and judicial interpretations thereof, which relate to the registration and operation of Foreign NGOs in Iraq, including but not limited to, inconsistent provisions contained in Law Number 34 of 1962, and Law Number 13 of 2000.

7) All NGOs operating within Iraq prior to this Order shall comply with its provisions within 90 days of the date this Order entered into force.

8) The Minister may issue Administrative Instructions as necessary to implement this Order.

9) An NGO should attend government coordination meetings as appropriate in order to ensure the effective delivery of assistance.

10) This Order shall terminate and be of no force and effect when the CPA transfers all governmental authority to the transitional Iraqi administration and recognizes the full sovereignty of that administration.

Section 10
Entry into Force

This Order shall enter into force on the date of signature.

27/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 46

AMENDMENT TO COALITION PROVISIONAL AUTHORITY ORDER NUMBER 39 (CPA/ORD/19 September 2003/39)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing the functions of the Ministry of Trade in providing registration services needed for the establishment of companies, domestic and foreign, wishing to do business in Iraq,

Noting that the registration of companies in accordance with simplified, uniform and transparent procedures is critical to the proper implementation of Coalition Provisional Authority Order Number 39 on Foreign Investment,

I hereby promulgate the following:

Section 1
Amendment

Coalition Provisional Authority Order Number 39, Section 7, Article 3, on Foreign Investment is hereby amended in its entirety to read as: "The Minister of Trade, in direct consultation with the CPA, shall promptly issue regulations to assist in the implementation of this Order, in coordination with the Minister of Finance and the Minister of Planning."

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

12/20/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 47

AMENDMENT TO COALITION PROVISIONAL AUTHORITY ORDER NUMBER 38 (CPA/ORD/19 September 2003/38)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that the effective administration of Iraq requires funding for improvements to its infrastructure and capital public investment,

Noting that the reconstruction levy was imposed under CPA Order Number 38,

Determined that the collection of said levy be undertaken efficiently and effectively without impeding reconstruction efforts or import flow,

I hereby promulgate the following:

Section 1
Amendment

Coalition Provisional Authority Order Number 38, Section 7, Article 4, on Reconstruction Levy is amended to read in its entirety as follows:

"4) Unless exempted under this Order, the Reconstruction Levy shall be imposed on all goods imported into Iraq from all countries beginning March 1, 2004."

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

12/31/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVSIONAL AUTHORITY ORDER NUMBER 48

DELEGATION OF AUTHORITY REGARDING AN IRAQI SPECIAL TRIBUNAL

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), Resolution 1500 (2003), and Resolution 1511 (2003),

Noting the call in U.N. Security Council Resolution 1483 for accountability for the crimes and atrocities committed by the previous Iraqi regime,

Acting on the appeal by the U.N. Security Council in Resolution 1483 to Member States to deny safe haven to those members of the previous Iraqi regime who are alleged to be responsible for crimes and atrocities and to support actions to bring them to justice;

Acknowledging that the Governing Council, reflecting the general concerns and interests of the Iraqi people, has expressed a desire to establish a Special Tribunal to try members of the Ba`athist regime accused of atrocities and war crimes,

Determined to prevent any threat to public order by revenge actions or vigilantism and to promote the rule of law in accordance with applicable international law,

I hereby promulgate the following:

Section 1
Delegation of Authority

1) The Governing Council is hereby authorized to establish an Iraqi Special Tribunal (the "Tribunal") to try Iraqi nationals or residents of Iraq accused of genocide, crimes against humanity, war crimes or violations of certain Iraqi laws, by promulgating a statute, the proposed provisions of which have been discussed extensively between the Governing Council and the CPA and are set forth at Appendix A.

2) The statute shall establish the Tribunal, including its chambers, and set forth its jurisdiction, competence, and organization:

3) The statute shall provide rules for the appointment of qualified judges, prosecutors, and a director of administration.

4) The Governing Council shall be authorized to promulgate elements of crimes, the provisions of which shall be coordinated with the CPA.

5) The Governing Council may delegate to the judges of the Tribunal the power to promulgate rules of procedure, the provisions of which shall be coordinated with the Governing Council and the CPA.

6) The Administrator reserves the authority to alter the statute creating the Iraqi Special Tribunal, or any elements of crimes or rules of procedure developed for the Tribunal, if required in the interests of security.

Section 2
Terms and Conditions

The authority delegated under Section 1 of this Order shall be subject to the following terms and conditions:

1) The Governing Council will ensure that it promulgates a description of the elements that will apply to the crimes listed in the statute establishing the Tribunal, and that these elements are consistent with Iraqi law, as modified by CPA Orders, and international law.

2) The Governing Council will ensure that the Tribunal meets, at a minimum, international standards of justice.

3) In the event that, prior to the final transfer of governance authority to the transitional Iraqi administration, a conflict arises between any promulgation by the Governing Council or any ruling or judgment by the Tribunal and any promulgation of the CPA, the promulgation of the CPA shall prevail.

4) Non-Iraqi nationals may be appointed as judges of the Special Tribunal.

Section 3
Effective Date

This Order shall enter into force on the date of signature and shall remain in force unless rescinded in writing by me or until the establishment of a representative, internationally recognized government of Iraq.

12/10/03

L. Paul Bremer III
Administrator

THE STATUTE OF THE IRAQI SPECIAL TRIBUNAL

SECTION ONE
The Establishment, Organization and Competence of the Tribunal

PART ONE
Establishment and Competence of the Tribunal

Article 1.

a) A Tribunal is hereby established and shall be known as The Iraqi Special Tribunal (the "Tribunal"). The jurisdiction and functioning of the Tribunal and its associated bodies as defined in Article 3 below shall be governed by the provisions of this Statute. The Tribunal shall be an independent entity and not associated with any Iraqi government departments.
b) The Tribunal shall have jurisdiction over any Iraqi national or resident of Iraq accused of the crimes listed in Articles 11 to 14 below, committed since July 17, 1968 and up until and including May 1, 2003, in the territory of the Republic of Iraq or elsewhere, including crimes committed in connection with Iraq's wars against the Islamic Republic of Iran and the State of Kuwait. This includes jurisdiction over crimes listed in Articles 12 and 13 committed against the people of Iraq (including its Arabs, Kurds, Turcomans, Assyrians and other ethnic groups, and its Shi'ites and Sunnis) whether or not committed in armed conflict.
c) The Tribunal shall only have jurisdiction over natural persons.

Article 2.

The Tribunal shall have its seat in the City of Baghdad, or, following a written proposal made by the President of the Tribunal, in any other Governorate in Iraq as determined by the Governing Council or the Successor Government.

PART TWO
Organization of the Tribunal

Article 3.

a) The Tribunal's judiciary shall consist of the following:

1. one or more Trial Chambers;
2. an Appeals Chamber, which shall have the power to review the decisions of the Trial Chambers referred to above; and
3. the Tribunal Investigative Judges.

b) The Tribunal will also have a Prosecutions Department.
c). The Tribunal will also have an Administration Department., which shall provide administrative services to the Tribunal's judiciary and the Prosecutions Department.

PART THREE
The Trial Chambers and the Appeals Chamber

Article 4.

a) The Chambers shall be composed of permanent independent judges, and independent reserve judges.
b) Each Trial Chamber shall consist of five permanent judges.
c) (i) The Appeals Chamber shall be composed of nine members. Once appointed the Appeals Chamber shall select one of its members to fill the position of President of the Appeals Chamber. No member of any Trial Chamber can simultaneously be a member of the Appeals Chamber or a Tribunal Investigative Judge.
(ii) The President of the Appeals Chamber shall also be the President of the Tribunal and will overview the administrative and financial aspects of the Tribunal.
d) The Governing Council or the Successor Government, if it deems necessary, can appoint non-Iraqi judges who have experience in the crimes encompassed in this statute, and who shall be persons of high moral character, impartiality and integrity.

PART FOUR
Qualification and Selection of the Judges

Article 5.

a) The permanent and reserve judges shall be persons of high moral character, impartiality and integrity who possess the qualifications required for appointment to the highest judicial offices. In the overall composition of the Chambers, due account shall be taken of the experience of the judges in criminal law and trial procedures.

b) Iraqi candidates for permanent and reserve judges in the Trial Chambers need not be serving judges, and could be lawyers and jurists (who should also have the necessary experience and qualifications). Judges in the Appeals Chamber must be serving or former judges.

c) Judges are to be nominated and appointed by the Governing Council or the Successor Government, after consultation with the Judicial Council.

d) The permanent judges of each Trial Chamber shall elect a Presiding Judge from amongst their number, who shall oversee the work of the Trial Chamber as a whole.

e) The permanent and reserve judges shall be appointed for a term of five years. The terms and conditions of service shall be those of the judges of the Iraqi judicial system as set out in the Law Number 160 of 1979 (Judicial Organization Law), save that matters of compensation shall be set by the Governing Council or the Successor Government in light of the increased risks associated with the position.

f) (1) A judge shall be disqualified for any of the following reasons:

i. He or she has a criminal record including a felony unless the felony is a political or false charge made by the Ba'ath Party regime;
ii. He or she has made a material misrepresentation; or
iii. He or she fails to carry out his or her duties without good reason.

(2) The decision to disqualify a judge shall be taken by the majority of permanent judges of the Tribunal after conducting appropriate investigations.

(3) The decision to disqualify the President shall be taken by the Governing Council or the Successor Government.

PART FIVE
The Presidency of the Tribunal

Article 6.

a) The President shall:

(1) chair the proceedings of the Appeals Chamber.
(2) assign the judges to particular Trial Chambers;
(3) assign, from time to time, any reserve judges to a Trial Chamber; and
(4) have overall responsibility for the administration of the Tribunal.

b) The President of the Tribunal shall be required to appoint non-Iraqi nationals to act in advisory capacities or as observers to the Trial Chambers and to the Appeals Chamber. The role of the non-Iraqi nationals shall be to provide assistance to the judges with respect to international law and the experience of similar tribunals (whether international or otherwise), and to monitor the protection by the Tribunal of general due process of law standards. In appointing such non-Iraqi experts, the President of the Tribunal shall be entitled to request assistance from the international community, including the United Nations.

c) The non-Iraqi advisors and observers referred to in the above paragraph shall also be persons of high moral character, impartiality and integrity. In this regard, it would be preferable that such non-Iraqi advisor or observer shall have the following experience: (i) such person shall have acted in either a judicial or prosecutorial capacity in his or her respective country, or (ii) such person shall have experience in international war crimes trials or tribunals.

PART SIX
Tribunal Investigative Judges

Article 7.

a) The Tribunal Investigative Judges shall be appointed in order to investigate individuals for the commission of crimes stipulated in Articles 11 to 14.

b) Tribunal Investigative Judges are to be nominated and appointed by the Governing Council or the Successor Government, after consultation with the Judicial Council.

c) There shall be up to twenty permanent Tribunal Investigative Judges, and up to ten reserve investigative judges.

d) The permanent and reserve investigative judges shall be persons of high moral character, impartiality and integrity who possess the qualifications required for appointment to the highest judicial offices. In the selection of investigative judges, due account shall be taken of the experience of the judges in criminal law and trial procedures.

e) The Tribunal Investigative Judges shall be headed by a Chief Tribunal Investigative Judge, who shall be chosen by the Tribunal Investigative Judges from among them.

f) The Chief Tribunal Investigative Judge shall assign cases to individual tribunal investigative judges.

g) Each Office of the Tribunal Investigative Judge shall be composed of the Tribunal Investigative Judge and such other qualified staff as may be required.

h) In accordance with Iraqi criminal procedure, each Tribunal Investigative Judge shall have the power to issue subpoenas, arrest warrants and indictments with respect to individuals that they are investigating.

i) Each Tribunal Investigative Judge may gather evidence from whatever source he considers suitable.

j) Each Tribunal Investigative Judge shall act independently as a separate organ of the Tribunal. He or she shall not seek or receive instructions from any Governmental Department, or from any other source, including the Governing Council or the Successor Government.

k) The decisions or orders of the Tribunal Investigative Judge can be appealed to the Appeals Chamber within fifteen days of the notification or deemed notification of the decision.

l) Each Tribunal Investigative Judge shall be appointed for a term of three years. The terms and conditions of service shall be those of the investigative judges of the Iraqi judicial system as set out in Law Number 160 of 1979 (Judicial Organization Law), save that matters of compensation shall be set by the Governing Council or the Successor Government in light of the increased risks associated with the position.

m) (1) Any Tribunal Investigative Judge shall be disqualified for any of the following reasons:

i) He or she has a criminal record including a felony unless the felony is a political or false charge made by the Ba'ath Party regime;
ii) He or she has made a material misrepresentation; or
iii) He or she fails to carry out his or her duties without good reason.

(2) The decision to disqualify a Tribunal Investigative Judge shall be taken by the majority of permanent judges of the Tribunal, after conducting appropriate investigations.

n) The Chief Tribunal Investigative Judge shall be required to appoint non-Iraqi nationals to act in advisory capacities or as observers to the Tribunal Investigative Judges. The role of the non-Iraqi nationals and observers shall be to provide assistance to the Tribunal Investigative Judges with respect to the investigations and prosecution of cases covered by the this Statute (whether in an international context or otherwise), and to monitor the protection by the Tribunal Investigative Judges of general due process of law standards. In appointing such advisors, the Chief Tribunal Investigative Judge shall be entitled to request assistance from the international community, including the United Nations.

o) The non-Iraqi advisors and observers referred to in this Article shall also be persons of high moral character, impartiality and integrity. In this regard, it would be preferable that such non-Iraqi advisor or observer shall have the following experience: (i) such person shall have acted in either a judicial or prosecutorial capacity in his or her respective country, or (ii) such person shall have experience in international war crimes trials or tribunals.

SECTION TWO
Other Departments of the Tribunal

PART ONE
The Prosecutions Department

Article 8.

a) The Prosecutions Department shall be responsible for the prosecution of persons responsible for crimes within the jurisdiction of the Tribunal.
b) Each Prosecutor shall act independently. He or she shall not seek or receive instructions from any Governmental Department or from any other source, including the Governing Council or the Successor Government.
c) The Prosecutions Department shall consist of up to twenty Prosecutors.
d) Prosecutors are to be nominated and appointed by the Governing Council or the Successor Government after consultation with the Judicial Council.
e) The Prosecution Department shall be headed by a Chief Prosecutor, who shall be selected from among the Prosecutors.
f) (1) A prosecutor shall be disqualified for any of the following reasons:

i) He or she has a criminal record including a felony unless the felony is a political or false charge made by the Ba'ath Party regime;
ii) He or she has made a material misrepresentation; or
iii) He or she fails to carry out his or her duties without good reason.

(2) The decision to disqualify a Prosecutor shall be taken by the Chief Prosecutor, after conducting appropriate investigations.

g) Each Office of the Prosecutor shall be composed of a Prosecutor and such other qualified staff as may be required.
h) The Chief Prosecutor shall assign individual cases to a Prosecutor. Such Prosecutor shall have the right to be involved in the investigative stages of a case and shall be the individual who prosecutes such case, consistent with the powers granted to prosecutors pursuant to Law Number 23 of 1971 (Iraqi Criminal Procedure Law).
i) Each Prosecutor shall be appointed for a term of three years. The terms and conditions of service shall be those of prosecutors of the Iraqi judicial system as set out in Law Number 159 of 1979 (The Law of Prosecutors), save that matters of compensation shall be set by the Governing Council or the Successor Government.
j) The Chief Prosecutor shall be required to appoint non-Iraqi nationals to act in advisory capacities or as observers to the prosecutors. The role of the non-Iraqi nationals and observers shall be to provide assistance to the prosecutors of the Tribunal with respect to the investigations and prosecution of cases covered by this Statute (whether in an international context or otherwise), and to monitor the performance of the Prosecutor. In appointing such advisors, the Chief Prosecutor shall be entitled to request assistance from the international community, including the United Nations.
k) The non-Iraqi advisors and observers referred to in this Article shall also be persons of high moral character, impartiality and integrity. In this regard, it would be preferable that such non-Iraqi advisor or observer shall have the following experience: (i) such person shall have acted in a prosecutorial capacity in his or her respective country, or (ii) such person shall have experience in international war crimes trials or tribunals.

PART TWO
The Administration Department

Article 9.

a) The Administration Department shall consist of a Director of the Administration Department and such other staff as may be required.
b) The Administration Department shall be responsible for the administration and servicing of the Tribunal and the Prosecutions Department.
c) The Director of the Administration Department shall initially be appointed by the Governing Council or the Successor Government. He or she shall serve for a three year term and be eligible for reappointment. The terms and conditions of service of the Director of the Administration Department shall be those of a General Director in an Iraqi government department .
d) The staff of the Administration Department shall be appointed by the Director of the Administration Department.
e) The Director of the Administration Department shall appoint a public relations expert to the position of spokesman of the Tribunal. Such spokesman shall give regular briefings to the press and the public at large with respect to the developments relating to the Tribunal.

SECTION THREE
Jurisdiction and Crimes

PART ONE
Jurisdiction of the Tribunal

Article 10.

The Tribunal shall have jurisdiction over any Iraqi national or resident of Iraq accused of the crimes listed in Articles 11 - 14, committed since July 17, 1968 and up and until May 1, 2003, in the territory of Iraq or elsewhere, namely:

a) The crime of genocide;
b) Crimes against humanity;
c) War crimes; or
d) Violations of certain Iraqi laws listed in Article 14 below.

PART TWO
The Crime of Genocide

Article 11.

a) For the purposes of this Statute and in accordance with the Convention on the Prevention and Punishment of the Crime of Genocide, dated December 9, 1948, as ratified by Iraq on January 20, 1959, “genocide” means any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such:

1. killing members of the group;
2. causing serious bodily or mental harm to members of the group;
3. deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;
4. imposing measures intended to prevent births within the group; and
5. forcibly transferring children of the group to another group.

b) The following acts shall be punishable:

1. genocide;
2. conspiracy to commit genocide;
3. direct and public incitement to commit genocide;
4. attempt to commit genocide; and
5. complicity in genocide.

PART THREE
Crimes Against Humanity

Article 12.

a) For the purposes of this Statute, “crimes against humanity” means any of the following acts when committed as part of a widespread or systematic attack directed against any civilian population, with knowledge of the attack:

1. Murder;
2. Extermination;
3. Enslavement;
4. Deportation or forcible transfer of population;
5. Imprisonment or other severe deprivation of physical liberty in violation of fundamental norms of international law;
6. Torture;
7. Rape, sexual slavery, enforced prostitution, forced pregnancy, or any other form of sexual violence of comparable gravity;
8. Persecution against any identifiable group or collectivity on political, racial, national, ethnic, cultural, religious, gender or other grounds that are universally recognized as impermissible under international law, in connection with any act referred to in this paragraph or any crime within the jurisdiction of the Tribunal;
9. Enforced disappearance of persons; and
10. Other inhumane acts of a similar character intentionally causing great suffering, or serious injury to body or to mental or physical health.

b) For the purposes of paragraph a):

1. "Attack directed against any civilian population" means a course of conduct involving the multiple commission of acts referred to in the above

paragraph against any civilian population, pursuant to or in furtherance of a state or organizational policy to commit such attack;

2. "Extermination" includes the intentional infliction of conditions of life, such as the deprivation of access to food and medicine, calculated to bring about the destruction of part of a population;

3. "Enslavement" means the exercise of any or all of the powers attaching to the right of ownership over a person and includes the exercise of such power in the course of trafficking in persons, in particular women and children;

4. "Deportation or forcible transfer of population" means forced displacement of the persons concerned by expulsion or other coercive acts from the area in which they are lawfully present, without grounds permitted under international law;

5. "Torture" means the intentional infliction of severe pain or suffering, whether physical or mental, upon a person in the custody or under the control of the accused; except that torture shall not include pain or suffering arising only from, inherent in, or incidental to lawful sanctions;

6. "Persecution" means the intentional and severe deprivation of fundamental rights contrary to international law by reason of the identity of the group or collectivity; and

7. "Enforced disappearance of persons" means the arrest, detention or abduction of persons by, or with the authorization, support or acquiescence of, the State or a political organization, followed by a refusal to acknowledge that deprivation of freedom or to give information on the fate or whereabouts of those persons, with the intention of removing them from the protection of the law for a prolonged period of time.

PART FOUR
War Crimes

Article 13.

For the purposes of this Statute, “war crimes” means:

a) Grave breaches of the Geneva Conventions of 12 August 1949, namely, any of the following acts against persons or property protected under the provisions of the relevant Geneva Convention:

1. Willful killing;
2. Torture or inhuman treatment, including biological experiments;
3. Willfully causing great suffering, or serious injury to body or health;
4. Extensive destruction and appropriation of property, not justified by military necessity and carried out unlawfully and wantonly;
5. Willfully denying the right of a fair trial to a prisoner of war or other protected person;
6. Compelling a prisoner of war or other protected person to serve in the forces of a hostile power;

7. Unlawful confinement;
8. Unlawful deportation or transfer; and
9. Taking of hostages.

b) Other serious violations of the laws and customs applicable in international armed conflict, within the established framework of international law, namely, any of the following acts:

1. Intentionally directing attacks against the civilian population as such or against individual civilians not taking direct part in hostilities;
2. Intentionally directing attacks against civilians objects, that is, objects which are not military objectives;
3. Intentionally directing attacks against personnel, installations, material, units or vehicles involved in a peacekeeping mission in accordance with the Charter of the United Nations or in a humanitarian assistance mission, as long as they are entitled to the protection given to civilians or civilian objects under the international law of armed conflict;
4. Intentionally launching an attack in the knowledge that such attack will cause incidental loss of life or injury to civilians or damage to civilian objects which would be clearly excessive in relation to the concrete and direct overall military advantage anticipated;
5. Intentionally launching an attack in the knowledge that such attack will cause widespread, long-term and severe damage to the natural environment which would be clearly excessive in relation to the concrete and direct overall military advantage anticipated;
6. Attacking or bombarding, by whatever means, towns, villages, dwellings or buildings which are undefended and which are not military objectives;
7. Killing or wounding a combatant who, having laid down his arms or having no longer means of defense, has surrendered at discretion;
8. Making improper use of a flag of truce, of the flag or of the military insignia and uniform of the enemy or of the United Nations, as well as of the distinctive emblems of the Geneva Conventions, resulting in death or serious personal injury;
9. The transfer, directly or indirectly, by the Government of Iraq or any of its instrumentalities (including by an instrumentality of the Arab Socialist Ba'ath Party), of parts of its own civilian population into any territory it occupies, or the deportation or transfer of all or parts of the population of the occupied territory within or outside this territory;
10. Intentionally directing attacks against buildings that are dedicated to religion, education, art, science or charitable purposes, historic monuments, hospitals and places where the sick and wounded are collected, provided they are not military objectives;
11. Subjecting persons of another nation to physical mutilation or to medical or scientific experiments of any kind that are neither justified by the medical, dental or hospital treatment of the person concerned nor carried out in his or her interest, and which cause death to or seriously endanger the health of such person or persons;

12. Killing or wounding treacherously individuals belonging to the hostile nation or army;
13. Declaring that no quarter will be given;
14. Destroying or seizing the property of an adverse party unless such destruction or seizure be imperatively demanded by the necessities of war;
15. Declaring abolished, suspended or inadmissible in a court of law, or otherwise depriving, the rights and actions of the nationals of the adverse party;
16. Compelling the nationals of the hostile party to take part in the operations of war directed against their own country, even if they were in the belligerent's service before the commencement of the war;
17. Pillaging a town or place, even when taken by assault;
18. Employing poison or poisoned weapons;
19. Employing asphyxiating, poisonous or other gases, and all analogous liquids, materials or devices;
20. Employing bullets which expand or flatten easily in the human body, such as bullets with a hard envelope which does not entirely cover the core or is pierced with incisions;
21. Committing outrages upon personal dignity, in particular humiliating and degrading treatment;
22. Committing rape, sexual slavery, enforced prostitution, forced pregnancy, or any other form of sexual violence of comparable gravity;
23. Utilizing the presence of a civilian or other protected person to render certain points, areas or military forces immune from military operations;
24. Intentionally directing attacks against buildings, material, medical units and transport, and personnel using the distinctive emblems of the Geneva Conventions in conformity with international law;
25. Intentionally using starvation of civilians as a method of warfare by depriving them of objects indispensable to their survival, including willfully impeding relief supplies as provided for under international law; and
26. Conscripting or enlisting children under the age of fifteen years into the national armed forces or using them to participate actively in hostilities.

c) In the case of an armed conflict, any of the following acts committed against persons taking no active part in the hostilities, including members of armed forces who have laid down their arms and those placed *hors de combat* by sickness, wounds, detention or any other cause:

1. Violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture;
2. Committing outrages upon personal dignity, in particular humiliating and degrading treatment;
3. Taking of hostages; and
4. The passing of sentences and the carrying out of executions without previous judgment pronounced by a regularly constituted court, affording all judicial guarantees which are generally recognized as indispensable.

d) Serious violations of the laws and customs of war applicable in armed conflict not of an international character, within the established framework of international law, namely, any of the following acts:

1. Intentionally directing attacks against the civilian population as such or against individual civilians not taking direct part in hostilities;
2. Intentionally directing attacks against buildings, material, medical units and transport, and personnel using the distinctive emblems of the Geneva Conventions in conformity with international law;
3. Intentionally directing attacks against personnel, installations, material, units, or vehicles involved in a peacekeeping mission in accordance with the Charter of the United Nations or in a humanitarian assistance mission, as long as they are entitled to the protection given to civilians or civilian objects under the international law of armed conflict;
4. Intentionally directing attacks against buildings that are dedicated to religion, education, art, science, or charitable purposes, historic monuments, hospitals and places where the sick and wounded are collected, provided they are not military objectives;
5. Pillaging a town or place, even when taken by assault;
6. Committing rape, sexual slavery, enforced prostitution, forced pregnancy, or any other form of sexual violence of comparable gravity;
7. Conscripting or enlisting children under the age of fifteen years into armed forces or groups or using them to participate actively in hostilities;
8. Ordering the displacement of the civilian population for reasons related to the conflict, unless the security of the civilians involved or imperative military reasons so demand;
9. Killing or wounding treacherously a combatant adversary;
10. Declaring that no quarter will be given;
11. Subjecting persons who are in the power of another party to the conflict to physical mutilation or to medical or scientific experiments of any kind that are neither justified by the medical, dental or hospital treatment of the person concerned nor carried out in his or her interest, and which cause death to or seriously endanger the health of such person or persons; and
12. Destroying or seizing the property of an adversary, unless such destruction or seizure be imperatively demanded by the necessities of the conflict.

PART FIVE
Violations of Stipulated Iraqi Laws

Article 14.

The Tribunal shall have the power to prosecute persons who have committed the following crimes under Iraqi law:

a) For those outside the judiciary, the attempt to manipulate the judiciary or involvement in the functions of the judiciary, in violation, *inter alia*, of the Iraqi interim constitution of 1970, as amended;

b) The wastage of national resources and the squandering of public assets and funds, pursuant to, *inter alia*, Article 2(g) of Law Number 7 of 1958, as amended; and
c) The abuse of position and the pursuit of policies that may lead to the threat of war or the use of the armed forces of Iraq against an Arab country, in accordance with Article 1 of Law Number 7 of 1958, as amended.

SECTION FOUR
Individual Criminal Responsibility

Article 15.

a) A person who commits a crime within the jurisdiction of this Tribunal shall be individually responsible and liable for punishment in accordance with this Statute.
b) In accordance with this Statute, and the provisions of Iraqi criminal law, a person shall be criminally responsible and liable for punishment for a crime within the jurisdiction of the Tribunal if that person:
 1. Commits such a crime, whether as an individual, jointly with another or through another person, regardless of whether that other person is criminally responsible;
 2. Orders, solicits or induces the commission of such a crime which in fact occurs or is attempted;
 3. For the purpose of facilitating the commission of such a crime, aids, abets or otherwise assists in its commission or its attempted commission, including providing the means for its commission;
 4. In any other way contributes to the commission or attempted commission of such a crime by a group of persons acting with a common purpose. Such contribution shall be intentional and shall either:
 i. Be made with the aim of furthering the criminal activity or criminal purpose of the group, where such activity or purpose involves the commission of a crime within the jurisdiction of the Tribunal; or
 ii. Be made in the knowledge of the intention of the group to commit the crime;
 5. In respect of the crime of genocide, directly and publicly incites others to commit genocide;
 6. Attempts to commit such a crime by taking action that commences its execution by means of a substantial step, but the crime does not occur because of circumstances independent of the person's intentions. However, a person who abandons the effort to commit the crime or otherwise prevents the completion of the crime shall not be liable for punishment under this Statute for the attempt to commit that crime if that person completely and voluntarily gave up the criminal purpose.
c) The official position of any accused person, whether as president, prime minister, member of the cabinet, chairman or a member of the Revolutionary Command Council, a member of the Arab Socialist Ba'ath Party Regional Command or Government (or an instrumentality of either) or as a responsible Iraqi Government official or member of the Ba'ath Party or in any other capacity, shall not relieve such person of criminal

responsibility nor mitigate punishment. No person is entitled to any immunity with respect to any of the crimes stipulated in Articles 11 to 14.

d) The fact that any of the acts referred to in Articles 11 to 14 of the present Statute was committed by a subordinate does not relieve his superior of criminal responsibility if he knew or had reason to know that the subordinate was about to commit such acts or had done so and the superior failed to take the necessary and reasonable measures to prevent such acts or to submit the matter to the competent authorities for investigation and prosecution.

e) The fact that an accused person acted pursuant to an order of a Government or of a superior shall not relieve him of criminal responsibility, but may be considered in mitigation of punishment if the Tribunal determines that justice so requires.

SECTION FIVE
Rules of Procedure and Evidence

Article 16.

The President of the Tribunal shall draft rules of procedure and evidence for the conduct of the pre-trial phase of the proceedings, trials and appeals, the admission of evidence, the protection of victims and witnesses and other appropriate matters (including regulations with respect to the disqualification of judges or prosecutors), where the applicable law, including this Statute does not, or does not adequately provide for a specific situation. He shall be guided by the Iraqi Criminal Procedure Law. Such rules shall be adopted by a majority of the permanent judges of the Tribunal.

SECTION SIX
General Principles of Criminal Law

Article 17.

a) Subject to the provisions of this Statute and the rules made thereunder, the general principles of criminal law applicable in connection with the prosecution and trial of any accused person shall be those contained: (i) in Iraqi criminal law as at July 17, 1968 (as embodied in The Baghdadi Criminal Code of 1919) for those offenses committed between July 17, 1968 and December 14, 1969; (ii) in Law Number 111 of 1969 (the Iraqi Criminal Code), as it was as of December 15, 1969, without regard to any amendments made thereafter, for those offenses committed between December 15, 1969 and May 1, 2003; and (iii) and in Law Number 23 of 1971 (the Iraqi Criminal Procedure Law).

b) In interpreting Articles 11 to 13, the Trial Chambers and the Appellate Chamber may resort to the relevant decisions of international courts or tribunals as persuasive authority for their decisions.

c) Grounds for exclusion of criminal responsibility under the said Iraqi Criminal Code shall be interpreted in a manner consistent with the Statute and with international legal obligations concerning the crimes within the jurisdiction of the Tribunal.

d) The crimes stipulated in Articles 11 to 14 shall not be subject to any statute of limitations.

SECTION SEVEN
Investigations and Indictment

Article 18.

a) The Tribunal Investigative Judge shall initiate investigations *ex-officio* or on the basis of information obtained from any source, particularly from the police, and governmental and non-governmental organizations. The Tribunal Investigative Judge shall assess the information received or obtained and decide whether there is sufficient basis to proceed.

b) The Tribunal Investigative Judge shall have the power to question suspects, victims and witnesses, to collect evidence and to conduct on-site investigations. In carrying out these tasks, the Tribunal Investigative Judge may, as appropriate, request the assistance of the relevant governmental authorities concerned, who shall be required to provide full co-operation with the request.

c) If questioned by a Tribunal Investigative Judge, the suspect shall be entitled to be assisted by counsel of his or her own choice, including the right to have legal assistance assigned to him or her without payment by him or her in any such case if he or she does not have sufficient means to pay for it. The suspect is entitled to have non-Iraqi legal representation, so long as the principal lawyer of such suspect is Iraqi.

d) Upon a determination that a *prima facie* case exists, the Tribunal Investigative Judge shall prepare an indictment containing a concise statement of the facts and the crime or crimes with which the accused is charged under the Statute.

PART ONE
Review of Indictment

Article 19.

a) If the Chief Tribunal Investigative Judge is satisfied that a *prima facie* case has been established by the Tribunal Investigative Judge, then he/she shall confirm the indictment. If not so satisfied, the indictment shall be dismissed without prejudice.

b) Upon confirmation of an indictment, the Tribunal Investigative Judge may, at the request of the Chief Tribunal Investigative Judge, issue such orders and warrants for the arrest, detention, surrender or transfer of persons, and any other orders as may be required for the conduct of the trial.

PART TWO
Rights of the Accused

Article 20.

a) All persons shall be equal before the Tribunal.

b) Everyone shall be presumed innocent until proven guilty before the Tribunal in accordance with the law.

c) In the determination of any charge, the accused shall be entitled to a public hearing, having regard to the provisions of the Statute and the rules of procedure made hereunder.

d) In the determination of any charge against the accused pursuant to the present Statute, the accused shall be entitled to a fair hearing conducted impartially and to the following minimum guarantees:

1. to be informed promptly and in detail of the nature, cause and content of the charge against him;

2. to have adequate time and facilities for the preparation of his defense and to communicate freely with counsel of his own choosing in confidence. The accused is entitled to have non-Iraqi legal representation, so long as the principal lawyer of such accused is Iraqi;

3. to be tried without undue delay;

4. to be tried in his presence, and to defend himself in person or through legal assistance of his own choosing; to be informed, if he does not have legal assistance, of this right; and to have legal assistance assigned to him, in any case where the interests of justice so require, and without payment by him in any such case if he does not have sufficient means to pay for it;

5. to examine, or have examined, the witnesses against him and to obtain the attendance and examination of witnesses on his behalf under the same conditions as witnesses against him. The accused shall also be entitled to raise defences and to present other evidence admissible under this Statute and Iraqi law; and

6. not to be compelled to testify against himself or to confess guilt, and to remain silent, without such silence being a consideration in the determination of guilt or innocence.

SECTION EIGHT
Trial Proceedings

Article 21.

a) A person against whom an indictment has been issued shall, pursuant to an order or an arrest warrant of the Tribunal Investigative Judge, be taken into custody, immediately informed of the charges against him and transferred to the Tribunal.

b) The Trial Chambers shall ensure that a trial is fair and expeditious and that proceedings are conducted in accordance with this Statute and the rules of procedure and evidence, with full respect for the rights of the accused and due regard for the protection of victims and witnesses.

c) The Trial Chamber shall read the indictment, satisfy itself that the rights of the accused are respected, confirm that the accused understands the indictment, and instruct the accused to enter a plea.

d) The hearings shall be public unless the Trial Chamber decides to close the proceedings in accordance with its rules of procedure and evidence. The decision to close the proceedings shall be exercised on a very limited basis.

Article 22.

The Tribunal shall, in its rules of procedure and evidence, provide for the protection of victims and witnesses. Such protection measures shall take into account the rights of the accused and shall include, but shall not be limited to, the conduct of *in camera* proceedings and the protection of the identity of the victim or witness.

Article 23.

a) The Trial Chambers shall pronounce judgments and impose sentences and penalties on persons convicted of crimes within the jurisdiction of the Tribunal.

b) The judgment shall be rendered by a simple majority of the judges of the Trial Chamber, and shall be delivered by the Trial Chamber in public. It shall be accompanied by a reasoned opinion in writing, to which separate or dissenting opinions may be appended.

Article 24.

a) The penalties that shall be imposed by the Tribunal shall be those prescribed by Iraqi law (especially Law Number 111 of 1969 of the Iraqi Criminal Code), save that for the purposes of this Tribunal, sentences of life imprisonment shall mean the remaining natural life of the person.

b) Subject to paragraph a) above, the penalties for crimes under Article 14 shall be those prescribed under the relevant provisions of Iraqi law

c) The penalty for crimes under Articles 11 to 13 shall be determined by the Trial Chambers, taking into account the factors contained in paragraph d) and e) below.

d) A person convicted of:

1. An offence involving murder or rape as defined under Iraqi law; or
2. An offence ancillary to such offence of murder or rape,

shall be dealt with as for an offence of, as the case may be, murder or rape or the corresponding ancillary offences in relation to murder or rape.

e) The penalty for any crimes under Articles 11 to 13 which do not have a counterpart under Iraqi law shall be determined by the Trial Chambers taking into account such factors as the gravity of the crime, the individual circumstances of the convicted person and relevant international precedents.

f) The Trial Chambers may order the forfeiture of proceeds, property or assets derived directly or indirectly from that crime, without prejudice to the rights of the *bona fide* third parties.

g) In accordance with Article 307 of the Iraqi Criminal Procedure Code, the Tribunal has authority to confiscate any goods prohibited by law regardless of whether the case has been discharged for any lawful reason.

SECTION NINE
Review and Appeals Proceedings

PART ONE
Appellate Proceedings

Article 25.

a) The Appeals Chamber shall hear appeals from persons convicted by the Trial Chambers or from the Prosecutor on the following grounds:

1. an error on a question of law invalidating any decision;
2. an error of procedure; or
3. an error of material fact which has occasioned a miscarriage of justice.

b) The Appeals Chamber may affirm, reverse or revise the decisions taken by the Trial Chambers.

c) Where a verdict of acquittal is reversed by the Appeals Chamber, the case shall be referred back to a Trial Chamber for retrial.

PART TWO
Review Proceedings

Article 26.

a) Where a new fact has been discovered which was not known at the time of the proceedings before the Trial Chambers or the Appeals Chamber and which could have been a decisive factor in reaching the decision, the convicted person or the Prosecutor may submit to the Tribunal an application for review of the judgment.

b) The Appeals Chamber shall reject the application if it considers it to be unfounded. If it determines that the application has merit, it may, as appropriate:

1. Reconvene the original Trial Chamber;
2. Constitute a new Trial Chamber; or
3. Retain jurisdiction over the matter,

with a view to, after hearing the parties, arriving at a determination on whether the judgment should be revised.

SECTION TEN
Enforcement of Sentences

Article 27.

Sentences shall be carried out by the legal system of Iraq in accordance with its laws.

SECTION ELEVEN
General Principles and Other Matters

Article 28.

The judges, investigative judges, prosecutors and the Director of the Administration Department shall be Iraqi nationals, except as provided for in Article 4(d).

Article 29.

a) The Tribunal and the national courts of Iraq shall have concurrent jurisdiction to prosecute persons for those offences prescribed in Article 14 that fall within the jurisdiction of the Tribunal.

b) The Tribunal shall have primacy over all other Iraqi courts with respect to the crimes stipulated in Articles 11 to 13.

c) At any stage of the procedure, the Tribunal may demand of any other Iraqi court to transfer any case being tried by it involving any crimes stipulated in Articles 11 to 14 to the Tribunal, and such court shall be required to transfer such case.

Article 30.

a) No person shall be tried before any other Iraqi court for acts for which he or she has already been tried by the Tribunal, in accordance with Articles 300 and 301 of the Iraqi Criminal Procedure Code.

b) A person who has been tried by any Iraqi court for acts constituting crimes within the jurisdiction of the Tribunal may be subsequently tried by the Tribunal only if the Tribunal determines that the previous court proceedings were not impartial or independent, were designed to shield the accused from international or Iraqi criminal responsibility, or the case was not diligently prosecuted, provided that the requirements of Article 303 of the Iraqi Criminal Procedure Code are met or one of the conditions contained in Article 196 of the Iraqi Civil Procedure Code apply.

c) In considering the penalty to be imposed on a person convicted of a crime under the present Statute, the Tribunal shall take into account the extent to which any penalty imposed by an Iraqi court on the same person for the same act has already been served.

Article 31.

a) The Tribunal, the judges, the Tribunal Investigative Judges, the Prosecutors, the Director of the Administration Department and their staffs shall have immunity from civil suits for their official acts.

b) Other persons, including the accused, required at the seat of the Tribunal shall be accorded such treatment as is necessary for the proper functioning of the Tribunal.

Article 32.

For purposes of this statute, the "Governing Council" shall mean the Governing Council of Iraq established on July 13, 2003. The powers conferred on the Governing Council in this Statute shall be transferred to the executive authority in any future government (the "Successor Government") established following the disbanding of the Governing Council.

Article 33.

No officer, prosecutor, investigative judge, judge or other personnel of the Tribunal shall have been a member of the Ba'ath Party.

Article 34.

Arabic shall be the official language of the Tribunal.

Article 35.

The expenses of the Tribunal shall be borne by the regular budget of the Government of Iraq.

Article 36.

The President of the Tribunal shall submit an annual report of the Tribunal to the Governing Council or the Successor Government.

Article 37.

The Governing Council or the Successor Government has the powers to establish other rules and procedures in order to implement this Statute.

Article 38.

This law shall become effective on the 10th day of December, 2003 and shall be published in the Official Gazette.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 49

TAX STRATEGY OF 2004

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511(2003),

Noting the suspension by CPA Order Number 37 of all income tax for assessed income resources detailed in Article 2 of Income Tax Law Number 113 of 1982 and the real property rent tax of Law Number 162 of 1959 as amended, and all other taxes not specifically identified in Order 37 as continuing in force from April 16, 2003, to the end of calendar year 2003 and the reinstatement of these taxes on April 1, 2004, including the reinstatement of the income tax at the lower maximum rate of 15 percent,

Noting the desire of the Governing Council to subject both private and public sector employees to tax in order to ensure that the tax burden is shared by all sectors of Iraqi society,

Recognizing that these revenues are for the benefit of the Iraqi people, and

Determined to create conditions suited to the economic reconstruction of Iraq, including an efficient and modern income tax system,

I hereby promulgate the following:

Section 1
Purpose

The purpose of this Order is to revise the tax rates and tax exemptions of Income Tax Law Number 113 of 1982, and the Real Estate Rent Tax Law Number 162 of 1959, to provide certain additional exemptions from tax, to suspend certain taxes, and to provide rules for applying unused losses against income from the same source earned in future years ("carrying forward losses") in light of the suspension of income taxes for financial year 2003 and for the first three months of financial year 2004.

Section 2
Increase in Allowances

1) Item (1) of Article 12 of Income Tax Law Number 113 of 1982 is amended to read as follows:

 "(1) A resident person shall be granted the following allowances per each year of assessment on the basis of his or her status in the year in which the income has arisen:

a) ID 2,500,000 for the taxpayer himself (or herself, if she is unmarried (other than a widow or divorcee) or if her income is not added to her husband's income), and ID 2,000,000 for his wife, or wives, if she is a housewife and has no income or if her income is added to his income.

b) ID 200,000 for each of his children irrespective of their number.

c) ID 3,200,000 for the widow or divorcee herself and ID 200,000 for every child lawfully maintained by her, regardless of the number."

2) Item (5) of Article 12 of Income Tax Law Number 113 of 1982 is amended to read as follows:

"(5) The taxpayer shall be granted an additional allowance of ID 300,000 if his age is more than 63 years of age, in addition to allowances granted to him in other sections of this Article."

3) The allowances as set forth in paragraphs (1) and (2) of this section shall be reduced by one-fourth during financial year 2004.

Section 3
Reduction in Income Tax Rates

1) Item (1) of Article 13 of Income Tax Law Number 113 of 1982 is amended to read as follows:

"(1) Tax shall be imposed on the taxpayer in respect of each year of assessment at the following rates:

(A) Income of resident individual after granting the allowance(s) provided for in Article 12 as modified by this Order:

At the rate of 3% on amounts up to ID 250,000.

At the rate of 5% on amounts over ID 250,000 and up to ID 500,000.

At the rate of 10% on amounts over ID 500,000 and up to ID 1,000,000.

. At the rate of 15% on amounts over ID 1,000,000.

(B) Income of non-resident individual (other than the income provided for in Article 19 of this Law).

At the rate of 3% on amounts up to ID 250,000.

At the rate of 5% on amounts over ID 250,000 and up to ID 500,000.
At the rate of 10% on amounts over ID 500,000 and up to ID 1,000,000.

At the rate of 15% on amounts over ID 1,000,000.

(C) Income of limited liability companies, at a fixed rate of 15%.

(D) Income of private joint-stock companies, at a fixed rate of 15%.

(E) Income of mixed joint-stock companies, at a fixed rate of 15%."

(F) The amounts delineating the tax brackets as set forth in paragraphs (A) and (B) shall be reduced by one-fourth for financial year 2004.

2) Item (2) of Article 13 of Income Tax Law Number 113 of 1982 is amended to read as follows:

"(2) Iraqi nonresident individuals shall be subject to tax at the rates for Iraqi residents set forth in Section 3(1) of this Order on their income from Iraqi sources."

3) Foreign companies that are registered in Iraq or otherwise have a permanent establishment in Iraq will be subject to tax at a fixed rate of 15% on their income in Iraq.

Section 4
Exemptions

1) The CPA, Coalition Forces, forces of countries acting in coordination with Coalition Forces, and departments and agencies of Coalition Forces' governments, are not liable for any tax or similar charge within the territory of Iraq.

2) Governments and international organizations are not liable for any tax or similar charge within the territory of Iraq.

3) Foreign (non-Iraqi) employees and foreign (non-Iraqi) contractors and subcontractors of the CPA, Coalition Forces, forces of countries acting in coordination with Coalition Forces, and departments and agencies of Coalition Forces' governments, that are providing technical, financial, logistical, administrative or other assistance to Iraq, and foreign employees of such contractors and subcontractors, shall not be liable to pay any tax on income or similar charge within the territory of Iraq on income from foreign

sources or on income from or paid on behalf of the CPA, Coalition Forces, forces of countries acting in coordination with Coalition Forces, or departments or agencies of the governments of Coalition Forces.

4) Foreign (non-Iraqi) employees and foreign (non-Iraqi) contractors and subcontractors of foreign (non-Iraqi) governments, international organizations, and non-governmental organizations registered pursuant to CPA Order Number 45, that are providing technical, financial, logistical, administrative or other assistance to Iraq, and foreign employees of such contractors and subcontractors, shall not be liable to pay any tax on income or similar charge within the territory of Iraq on income from foreign sources or on income from or paid on behalf of such governments, international organizations, and non-governmental organizations.

5) In addition to the foregoing, the following persons shall be exempt from payment of income tax:

 a) members of foreign diplomatic missions to Iraq, as well as members of their households, if they are not citizens of Iraq;

 b) members of consular offices, as well as members of their households, if they are not citizens of Iraq;

 c) honorary consuls of foreign countries, but only for income received from the country that has appointed them honorary consul.

6) In accordance with administrative guidance to be issued by the Ministry of Finance, non-governmental organizations registered pursuant to CPA Order Number 45 and non-profit organizations that are not required to register as non-governmental organizations that are not engaged in political activities are not liable for tax on income or similar charge within the territory of Iraq.

Section 5
Losses

Article 11 of Income Tax Number 113 of 1982 is amended by adding new Items (3), (4) and (5) to read as follows:

"(3) Income from financial year 2003 and for the first three months of financial year 2004 shall not be taken into consideration in determining the income against which losses from preceding financial years may be deducted under this article.

(4) Financial year 2003 shall not be taken into account in determining the 5 consecutive years to which losses may be carried under this article.

(5) Losses incurred in financial year 2003 and in the first three months of financial year 2004 may not be carried forward under this article."

Section 6
Reduction in Real Estate Rental Rates

The Law of the Real Estate Tax Number 162 for the year 1959 and its modifications ("the Law of Real Estate Tax") is amended as follows:

(1) Item (1) of Article 2 of the Law of Real Estate Taxis amended to read as follows:

"(1) A tax is assessed and collected that is 10% of the annual revenue from all real estate including the subject's living share from the real estate (other than income from sales of real estate)."

(2) Item (2) of Article 2 of the Law is deleted and Item (3) of the Law of Real Estate Tax is renumbered to Item (2).

(3) Item 1 of Article Twenty-One of the Law of Real Estate Tax is amended to read as follows:

"The tax is to be collected in two equal parts; the first is due the first of January of the financial year and the second is due the first of July of the financial year. For financial year 2004, the tax will be paid in one part and is due on 1 July 2004. The subject has the right to pay this tax at the location of his residence, his work location or in the governorate where the majority of his real estate is located. All revenue shall be combined. A memo setting forth the calculation and form should be submitted with the payment."

(4) Item 2 of Article Twenty-One of the Law of Real Estate Tax is deleted.

(5) Item 1(b) of Article Twenty-Two of the Law of Real Estate Tax is deleted and item 1(c) is renumbered item 1(b).

(6) Article Twenty-three of the Law of Real Estate Tax is amended to read as follows:

"The tax is collected according to the Law of Governmental Secured Debt Collection and is considered a secured debt on the subject real estate."

Section 7
Suspension of 25% Levy on Company Profits

1) Law No. 101 of 1964 Regulating the Disposal of Company Profits is hereby suspended.

2) Law No. 9 of 1998 Amending Law No. 101 of 1964 is hereby suspended.

Section 8
Suspension of Certain Taxes Until March 31, 2004

The following taxes are suspended from January 1, 2004, until March 31, 2004:

1) All income tax for assessed income resources detailed in Article 2 of Income Tax Law Number 113 of 1982, as amended; and

2) Real Property rent tax in accordance with Law Number 162 of 1959, as amended.

3) Other taxes not specifically identified, but that were suspended by CPA Order Number 37 (Tax Strategy for 2003).

4) The following specified taxes are not suspended and shall continue in force:

 a) Excellent and first class hotel and restaurant tax in accordance with Resolution Number 36 of 1997;

 b) Tax upon the transfer of real property in accordance with Resolution Number 120 of 2002;

 c) Car sale fee in accordance with Resolution Number 80 of 1998 and previous relevant laws in force;

 d) Petrol excise duties including, but not limited to, those provided for in Law Number 9 of 1939, Resolution Number 82 of 1996 and the Order Number 66 of 1999 issued by the Economic Affairs Committee.

5) The persons and entities listed in Order 37, paragraph 3(2), shall continue to be exempt from the taxes specified in paragraph 8(4), above after March 31, 2004.

Section 9
Depreciation

The System of Depreciation and Elimination for Private, Mixed and Cooperative Sectors Regulation No. 9 of 1994 is modified as follows:

1) Item (3) of Article 3 is modified by adding the following sentence at the end thereof:

"No part of book value shall be considered to have been cancelled during financial year 2003 and for the first three months of financial year 2004."

2) New Item (5) is added to Article 3 to read as follows:

"(5) A taxpayer that used the decreased installment method listed in Item 1(b) of Article 6 during financial year 2002 will compute the depreciation deduction for financial year 2004 by reconfiguring the opening balance of each asset account as of April 1, 2004. The opening balance of each asset account as of April 1, 2004, is equal to the balance of the asset account at the end of 2002, increased by the cost of assets purchased in the asset account and decreased by the fair market value of assets sold from the asset account in financial year 2003 and during the first three months of financial year 2004."

Section 10
2002 Taxes

1) The suspension of income taxes for financial year 2003 by CPA Order Number 37 does not affect income taxes for financial year 2002 and previous years, which remain payable by taxpayers and collectible by the Tax Commission.

2) In case of late payment of taxes owed for financial year 2002, a taxpayer may file a written request with the Tax Commission requesting waiver of interest and penalties. The Tax Commission may, in its discretion, upon making a good faith determination that there was reasonable cause for the late payment, waive such interest and/or penalties.

Section 11
Government and State-Owned Enterprise Employees

1. To ensure that the tax burden is shared by all sectors of Iraqi society, salaries, wages and allowances received by employees of the Government Offices, public and mixed sectors are subject to tax, beginning April 1, 2004. Accordingly:

 a) The phrase in paragraph (5) of Article 2 of the Income Tax Law No. 113 of 1982 "other than those working for government offices, socialist and mixed sector companies" is deleted.

 b) Paragraph (5) of Article 7 of the Income Tax Law No. 113 of 1982 is deleted.

2. To ensure that the Ministry of Finance has sufficient capability to accurately and comprehensively assess and collect taxes on both public and private sector employees in a transparent manner:

 a) For financial year 2004, employees of the government offices, public and mixed sectors shall be entitled to an allowance of ID 5,300,000 for themselves, spouse, and children collectively under Item (1) of Article 12 of the Income Tax Law No. 113 of 1982. If an employee of the public sector has more than 4 children, he or she shall be entitled to an additional exemption of ID 200,000 per child.

 b) The allowances as set forth in paragraph (2)(a) of this section shall be reduced by one-fourth during financial year 2004.

 c) Beginning January 1, 2005, employees of the Government Offices, public and mixed sectors shall be entitled to the same allowances as employees of the private sector, as set forth in Section 2 of this Order.

Section 12
Foreign Tax Credit

Article 5 of the Income Tax Law No. 113 of 1982 is revised by adding new paragraph (4) to read as follows:

"(4) Income tax paid to a foreign country on income earned in that country may be credited against tax paid to Iraq. The amount of the credit may not exceed the amount of tax assessed in Iraq on the income earned in the foreign country at the rate in effect in Iraq. If taxes paid to a foreign country exceed the amount of this limitation then the excess taxes may be carried forward to credit in 5 consecutive years subject to the limitation in those years. The taxes paid in the carried forward year will be credited first. If, during a taxation period, income is earned in more than one country, the credit allowed by this paragraph will be applied on an individual basis to the income earned in each foreign country. To be credited, the amount of foreign tax paid to the foreign country must be confirmed by either a copy of the tax paid receipt or a confirmation of the amount of tax paid from the tax collection agency of the foreign country."

Section 13
Implementation

The Minister of Finance, in consultation with the CPA Office of Management and Budget, may issue Administrative Instructions to implement this Order.

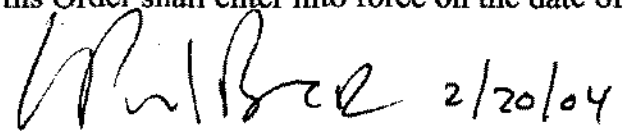
Section 14

Applicability

The provisions of this Order shall apply beginning with financial year 2004, which commences January 1, 2004.

Section 15
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

EXPLANATORY NOTE
CPA ORDER NUMBER 49, TAX STRATEGY OF 2004

I. INTRODUCTION

This note explains how CPA Order Number 49 resumes income taxes that were suspended for the 2003 financial year by CPA Order Number 37 (Tax Strategy for 2003). Taxes suspended in that Order included the corporate and personal income taxes that were imposed on employees in the private sector, the self-employed, professionals and small enterprises. Under CPA Order Number 49 corporate and personal income taxes will be reintroduced on April 1, 2004, at significantly reduced rates of no more than 15 percent as compared to the maximum rate of 40 percent under the previous income tax system. In addition, the existing allowances have been substantially increased.

As a result of these changes, the income tax burden on the average Iraqi family will be eliminated or substantially reduced. For example, beginning in 2005, the first full calendar year in which the tax will be in effect, a one-earner family with four children will not pay tax on the first ID 5,300,000 of income compared to ID 1,400,000 under existing law. If that family's income is ID 9,000,000, the tax will be reduced from ID 2,715,000 to ID 475,000, a savings of ID 2,240,000. Annex I describes the impact of the new tax rate structure in 2005 for families and single taxpayers. Similar reductions in tax will occur in 2004 for the nine months the income tax is in effect.

Reducing the income tax rates, increasing the allowances, and retaining the rules in effect under existing law are important steps in supporting current reconstruction and stabilization efforts in Iraq. At the same time, the Ministry of Finance is committed to modernizing the current tax system to improve compliance and reduce the administrative burden on taxpayers. Resuming the existing income tax system, therefore, is an interim measure pending the completion of the tax reform process and restoration of the tax administration capabilities of the Tax Commission.

II. INDIVIDUAL INCOME TAX

1. Increased Allowances

To lower the tax burden on individuals, the allowances for individuals described in Article 12 of Income Tax Number 113 of 1982 are increased by CPA Order Number 49. The full increase of exemptions will not occur until 2005, the first full year to which the order applies. Beginning in 2005, for each taxpayer, the allowance will increase from ID 600,000 to ID 2,500,000, with the allowance for a nonworking wife increasing from ID 400,000 to ID 2,000,000. The allowance for each child will double from ID 100,000 to ID 200,000, while the allowance for a widow will increase from ID 1,000,000 to ID 3,200,000. These exemptions will be decreased by one-fourth for the year starting April 1, 2004, to reflect the fact that the income tax will not be reinstated for the first quarter of 2004.

2. Top Rate Lowered to 15 Percent

The personal income tax imposed on employees of private sector companies and collected through withholding by their employers will recommence on April 1, 2004, with a maximum rate of 15 percent as shown in the table below.

Rate	Annual Income (after allowances)
3%	Up to ID 250,000
5%	Over ID 250,000 and up to ID 500,000
10%	Over ID 500,000 and up to 1,000,000
15%	Over ID 1,000,000

The amount delineating the tax bracket amounts will be decreased by one-fourth for the year starting April 1, 2004, to reflect the fact that the income tax will not be reinstated for the first quarter of 2004.

Many workers will be exempt from the tax because of the increased allowances provided for in CPA Order Number 49. For those workers subject to the tax, the lower rates of 3-15 percent, compared to the former top rates of 40 percent for Iraqi residents and 45 percent for non-residents (Article 13 of Income Tax Law No.113), will reward work, encourage savings and investment by workers, and increase compliance with tax laws.

3. Compliance Measures

The wage withholding system will be improved in 2004 to better assist employers to meet their obligations under the law. The Tax Commission will create a new comprehensive taxpayer identification number system that will facilitate tracking of and improved control over tax payments. The Tax Commission will issue a new guide for employers that contains withholding tables reflecting the new rate structure. In addition, the Tax Commission will simplify information returns and payment forms. These new processes and forms will be distributed to employers well in advance of the deadline for remitting the tax on wages earned in 2004.

4. Public and Mixed Sector Employees

Beginning April 1st, public and mixed sector employees will have to share the tax burden along with the rest of Iraqi society. This is necessary to ensure that sufficient tax revenues can be collected while not overburdening any segment of society with high tax rates. To ensure that the tax on public and mixed sector employees is collected accurately and transparently, tax collection systems for those employees need to be developed. This will take time. Therefore, to ensure that the tax is accurately and transparently collected in 2004, higher allowances will apply to public and mixed sector workers. These higher allowances will effectively exempt many public and mixed sector workers from taxation, and with fewer such workers to tax initially, the capacity of the tax collection system can be properly developed over time. Beginning January 1, 2005, however, public, mixed, and private sector workers will be subject to taxation at the same rates.

Example:

> Financial year 2004. Assume a public sector employee with a wife and two children is paid wages of ID 430,000 by the public sector employer during each month of financial year 2004. The employee will not be subject to tax in financial year 2004 since the monthly allowance allowed the employee during financial year 2004 is ID 441,667 (i.e., one-ninth of the presumed annual allowance of ID 3,975,000. The presumed annual allowance for financial year 2004 is ID 3, 975,000 or ID 5,300,000 reduced by one-quarter to take into account that the income tax is reinstituted on April 1, 2004).

Financial year 2005. Beginning on January 1, 2005, the employee is paid ID 450,000 per month. Under the order, the employee for financial year 2005 is entitled to a total allowance of ID 4,900,000 (i.e., personal allowance of ID 2,500,000, a spousal allowance of ID 2,000,000 and an allowance of ID 200,000 for each child) or a monthly allowance of ID 408,334.. Accordingly, the employee will be subject to tax on ID 41,666 of wages. The taxpayer's public sector employer will be required to withhold tax from that amount.

III. CORPORATE INCOME TAX

1. Lower 15 Percent Tax Rate

The tax rate for income earned by corporations from April 1, 2004 will be a flat 15 percent. As provided for in the current Income Tax Law Number 113 of 1982, the rate will be levied on the income of private sector companies, including income of foreign companies operating in Iraq. This lower rate, compared to the prior rate of up to 40 percent, will encourage reinvestment of company profits. This in turn will encourage increased capital investment and job creation in Iraq by private sector firms. The lower flat rate also will lead to increased revenue collection as companies respond to Iraq's transition to a free market-based economy.

2. Transition Rules

CPA Order Number 49 includes two transition rules to clarify the application of certain tax provisions to compute net income properly beginning on April 1, 2004.

a. Treatment of Losses under Article 11 of Income Tax Law Number 113 of 1982.

Under Article 11 of Income Tax Law Number 113, taxpayers can apply losses in excess of income against income earned from the same source in future years ("carry-forward" the unused loss) for up to five years. CPA Order Number 49 includes three modifications to Article 11 of Law Number113. First, CPA Order Number 49 provides that income from financial year 2003 and the first three months of financial year 2004 shall not be considered in determining the income against which losses may be deducted. Second, CPA Order Number 49 provides that any unused losses as of 31 December 2002 may be carried forward for an additional year. Third, CPA Order Number 49 provides that losses incurred in financial year 2003 and in the first three months of financial year 2004 may not be carried forward under Article 11.

Examples:

- Modification 1: In 2002, Company A incurred a loss of 10 million dinars. In 2003, Company A had profits of 8 million dinars. Because the income tax was suspended for 2003, the carry-forward loss of 10 million dinars cannot be used to offset the profits of 8 million dinars. Instead, the 10 million dinar loss is carried forward for up to five years beginning with the financial year beginning on April 1, 2004.

- Modification 2: In 2003, Company B incurred a loss of 5 million dinars. Because the income tax was suspended for 2003, the 5 million dinar loss cannot be carried forward and is extinguished for tax purposes.

- Modification 3: Company C in 2000 had a net operating loss of 10 million dinars. Under prior law, the loss could be used to offset profits earned in 2001-2005. In 2001 and 2002, the company had profits of 2 and 4 million dinars, respectively, and it offset these profits with the 10 million dinar loss. At the end of 2002, its net operating loss was 4 million dinars. Under the transition rule announced in CPA Order Number 49, the 4 million dinar loss can be used to offset cumulative profits earned up to that amount in 2004, 2005 and 2006.

b. Depreciation Deductions. Under Article 8 of Income Tax Law Number 113 of 1982 and the "System of Depreciation and Elimination for Private, Mixed and Cooperative Sectors Number. 9 of 1994," taxpayers are entitled to take deductions for depreciation of buildings and other tangible assets and for amortization of intangible assets. CPA Order Number 49 modifies Regulation Number 9 on depreciation rules regarding computation of depreciation deductions in 2004. The Order contains 3 modifications to Regulation Number 9. First, no part of book value shall be considered to have been cancelled during financial year 2003 and the first three months of 2004. Second, if the taxpayer used the straight line method of depreciation in 2002, the depreciation deduction in 2004 is computed by extending the useful life of depreciable property by one year and three months. With respect to depreciable property purchased in 2003, the useful life of such property will commence in 2004.

If the taxpayer used the declining balance method of depreciation in 2002, the depreciation deduction for 2004 is computed by reconfiguring the opening balance of each group as of April 1, 2004. The opening balance of each group for 2004 is equal to the balance of the group at the end of 2002 increased by the cost of property purchased in the group and decreased by the fair market value of property sold from the group in 2003 and the first three months of 2004.

Examples:

- Straight-line: Company A purchased depreciable property with a useful life of five years for 1.2 million dinars in 2000. It took depreciation deductions using the straight line method of depreciation of 240,000 dinars each year, 20,000 per month, from 2000-2002. To compute depreciation deductions beginning April 1, 2004 the useful life of the property is extended by one year and three months to March 31, 2006. As a result, Company A can claim a depreciation deduction for such property in 2004 of 180,000, another depreciation deduction of 240,000 in 2005, and 60,000 in 2006.

- Straight-line: Company B purchased depreciable property with a useful life of 10 years for 4 million dinars in 2003. Company B can depreciate the property over 10 years beginning on April 1, 2004.

- Declining Balance: Company C uses the declining balance method of depreciation. At the end of 2002, the balance of Group 3 property was 10 million dinars. No purchases or sales were made in 2003 or during the first three months of 2004. Company C can claim a depreciation deduction beginning April 1, 2004 for Group 3 property equal to 15 percent

(the yearly full rate is 20% for this group of property) of 10 million or 1.5 million dinars for Group 3 property.

- Declining Balance: Company D uses the declining balance method of depreciation. In 2003, it purchased Group 2 property for 5 million dinars. At the end of 2002, the balance of Group 2 property was 15 million dinars. Assuming no purchases or sales of property in Group 2 in 2003 and the first three months of 2004, Company D can claim a depreciation deduction in 2004 for Group 2 property equal to 15% of 20 million dinars (the yearly rate for Group 2 property is 20%) or 3 million dinars.

3. Revision of Company Tax Return

In order to ease the compliance burden on companies and improve tax collection, the Tax Commission will redesign the company tax return, simplifying the computation of tax liability. The new form will clearly explain how each element of the return should be computed and will require more detail on the income and deductions of the company so that its tax liability may be more easily determined. At the same time, the new form will eliminate the requirement to furnish significant commercial information unrelated to the tax liability computation. The new form will reconcile financial statement information with the tax return and will facilitate the transcription of the information to a computerized tax database. A draft form will be prepared by mid-2004 and will be made available for public comment.

4. Compliance Measures

In tandem with the changes outlined above, the Ministry of Finance will introduce in 2004 several measures to boost compliance and ease the administrative burden on taxpayers and the Tax Commission. One of the most significant initiatives will be the introduction of taxpayer identification numbers for the largest companies. This in turn will enable the Tax Commission to track payments made by each company to ensure greater accountability and control. The Tax Commission will phase-in computerization of the existing interim tax system during 2004 to facilitate processing of tax returns and payments. In addition, the Tax Commission will launch a comprehensive tax training program for tax officials, along with a program to educate companies and their accountants on the revised company tax return.

IV. FOREIGN TAX CREDIT

The Order modifies Article 5 of the Income Tax Law Number 113 of 1982 to provide for a foreign tax credit for taxes paid to foreign countries. Because the foreign tax credit is intended to alleviate double taxation, and not to reduce Iraqi tax liabilities on profits earned within Iraq, the foreign tax credit is limited to Iraqi tax liability on income earned in the foreign country. For example, an Iraqi company (or individual) with ID 20,000,000 of income earned in Jordan that faces an Iraqi tax rate of 15 percent has a foreign tax credit limit of ID 3,000,000 (15 percent of ID 20,000,000). If the company (or individual) pays Jordanian income taxes of less than ID 3,000,000, then the company (or individual) would be entitled to claim a foreign tax credit for all of its Jordanian income taxes paid. If, however, the company (or individual) firm pays ID 4,000,000 of Jordanian taxes, then it would be permitted to claim no more than ID 3,000,000 of foreign tax credits. The excess Jordanian taxes in the amount of

ID 1,000,000 may be carried forward to the next 5 years and claimed as a credit subject to the limitation in those 5 years. The foreign taxes paid in the carried forward year will be credited first.

The order provides that the limitation on the amount of foreign taxes that will be creditable is to be determined separately for each country to which the company (or individual) paid tax. In addition, the Order provides that the foreign tax will not be creditable unless the taxpayer substantiates the amount of tax paid by either supplying a copy of the payment receipt or a statement from the tax authority of the foreign country verifying the amount of tax paid.

V. REAL ESTATE RENTS TAX

In order to simplify the administration of the real estate rents tax (Real Estate Tax Law Number 162 of 1959), the Order provides that rents from real estate will be taxed at a flat rate of 10% of the combined rental income from all real estate rented by the taxpayer. This replaces the two-tier system of current law.

VI. CONCLUSION

This note summarizes measures necessary to resume income taxation in Iraq in 2004 and improve compliance on an interim basis. The tax system must be reformed to support a market economy. Towards that end, the Ministry of Finance will comprehensively assess the tax system to identify means of (i) eliminating distortions that interfere with market activity; (ii) improving fairness by removing exemptions; and (iii) simplifying rules to improve compliance and ease administrative burdens on individual and corporate taxpayers. The Tax Commission will also be modernized by: (i) adopting a functional structure; (ii) computerizing processes and systems; and (iii) improving the training of tax officials. A formal consultation process with the taxpaying public will ensure that these reforms will serve the needs of the Iraqi people.

Annex I

Impact of New Tax Rate Structure in 2005

One-earner Family with 4 Children

Annual Income	Current Tax	New Tax	Change in Tax
I.D.	I.D.	I.D.	I.D.
1,000,000	0	0	0
1,500,000	10,000	0	-10,000
2,000,000	95,000	0	-95,000
3,000,000	355,000	0	-355,000
5,000,000	1,115,000	0	-1,115,000
6,000,000	1,515,000	40,000	-1,475,000
9,000,000	2,715,000	475,000	-2,240,000

One-earner Family with 2 Children

Annual Income	Current Tax	New Tax	Change in Tax
I.D.	I.D.	I.D.	I.D.
1,000,000	0	0	0
1,500,000	35,000	0	-35,000
2,000,000	135,000	0	-135,000
3,000,000	415,000	0	-415,000
5,000,000	1,195,000	3,000	-1,192,000
6,000,000	1,595,000	85,000	1,510,000
9,000,000	2,795,000	535,000	2,260,000

Single Taxpayer with no Dependents

Annual Income	Current Tax	New Tax	Change in Tax
I.D.	I.D.	I.D.	I.D.
600,000	0	0	0
700,000	10,000	0	-10,000
750,000	15,000	0	-15,000
800,000	20,000	0	-20,000
1,000,000	55,000	0	-55,000
1,500,000	155,000	0	-155,000
2,000,000	295,000	0	-295,000
3,000,000	635,000	20,000	-615,000
5,000,000	1,435,000	295,000	-1,140,000

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 50

THE MINISTRY OF DISPLACEMENT AND MIGRATION

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Recognizing that the return, relocation, and reintegration of refugees and internally displaced persons (IDPs) is vital to Iraq's social and political stability,

Furthering the purposes of the Governing Council to create a ministry responsible for refugees and displaced persons,

Recalling CPA Memorandum Number 6, publishing the appointment of the Interim Minister of Displacement and Migration,

I hereby promulgate the following:

Section 1
Establishment

1) The Ministry of Displacement and Migration (MODM) is hereby established.

2) All acts and decisions of the interim Minister of Displacement and Migration in connection with his office or the Ministry from his appointment by the Governing Council on 31 August 2003 to the formal establishment of the MODM under GC Resolution Number 30 and this Order are hereby ratified. For the purposes of this ratification, the MODM is deemed to have been established on 30 August, 2003.

3) The Palestinian Affairs Office of the Ministry of Labor and Social Affairs (MOLSA) shall be transferred to the MODM, which will perform that office's functions.

Section 2
Functions

1) The MODM shall be responsible for all matters pertaining to Iraqi refugees and displaced persons, including but not limited to matters associated with their repatriation, relocation, resettlement, and reintegration. The MODM shall also be responsible for policies and programs relating to all non-Iraqi refugees residing within Iraq.

2) The MODM shall develop policies and implement repatriation, relocation, resettlement, and reintegration programs as are needed to give effect to this Order.

3) The MODM, in consultation with the CPA Senior Advisor for Displacement and Migration, may issue Administrative Instructions to ensure and maintain compliance with promulgated standards for the repatriation, relocation, resettlement, and reintegration of refugees and internally displaced persons.

4) The MODM shall be the focal point in the interim national government for relations with the United Nations High Commissioner for Refugees, the International Organization for Migration, and other organizations dealing with refugees and internally displaced persons.

Section 3
Structure

1) The interim Minister shall organize the MODM into such divisions and departments as are necessary. The interim Minister shall ensure, as a minimum, that policies are developed and implemented to address the repatriation, relocation, resettlement, and reintegration of Iraqi refugees and displaced persons and the provision of protection for and assistance to, as necessary or appropriate, non-Iraqi refugees residing within Iraq . The interim Minister shall ensure, as a minimum, that the following aspects of administration are addressed: legal; inspector general; personnel and finance; facilities; information and technology; international co-operation; security; media and press relations; and such regional and local programs as may be required.

2) The interim Minister may set up a consultative body comprising representatives of other Ministries to coordinate on policies and programs affecting refugees and displaced persons.

3) The interim Minister may set up such regional offices as are needed to facilitate, implement, and coordinate the work of the MODM at the local level.

Section 4
Personnel and Administration

1) The MODM shall have power to hire and employ personnel in accordance with Iraqi law, as amended by CPA Orders and Memoranda. Such hiring shall be consistent with CPA Order Number 1 and any authorized implementation thereof.

2) Salaries of MODM personnel shall conform to the salary structure applicable to Iraqi government employees.

3) The staff of the Palestinian Affairs Office of the MOLSA shall be transferred immediately to the MODM within their existing pay grades and status, and the Minister of Displacement and Migration shall assume full authority, direction and control over this staff.

Section 5
Transitional Arrangements

1) The MOLSA shall be responsible for the salaries, benefits and personnel records of the Palestinian Affairs Office staff from January 1, 2004.

2) The MOLSA shall co-ordinate with the MODM to achieve the smooth and timely transfer of salaries, benefits and personnel records.

Section 6
Property

All the movable and immovable property under the control of the Palestinian Affairs Office of MOLSA and the records and data pertinent to that Office shall be transferred to the MODM.

Section 7
Budget

The MODM shall co-ordinate with the Ministry of Finance on its 2004 budget. The MODM shall further co-ordinate with the Ministry of Finance to transfer to the MODM the budget allocation of the Palestinian Affairs Office for 2004.

Section 8
Administrative Instructions

The interim Minister, in consultation with the CPA Senior Advisor for Displacement and Migration, may issue Administrative Instructions, not inconsistent with Iraqi law or any CPA Order, Regulation or Memorandum, prescribing all matters necessary for carrying out the duties described under this Order.

Section 9

Entry into Force

This Order shall enter into force on the date of signature.

1/11/03

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 51

SUSPENSION OF EXCLUSIVE AGENCY STATUS OF IRAQI STATE COMPANY FOR WATER TRANSPORTATION

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Noting that the Iraqi State Company for Water Transportation (hereafter "the Company") is the successor in interest to the Iraqi State Organization for Water Transportation (hereafter "the Organization"),

Noting further that the Company has performed exclusively as the maritime agent in Iraqi ports, a role previously performed by the Iraqi State Enterprise for Iraqi Maritime Agencies, a body of the Organization;

Understanding that the rights and obligations of the Organization have devolved upon the Company,

Determined to create conditions for the development of a free market economy by encouraging trade and open competition,

I hereby promulgate the following:

Section 1
Suspension of Exclusive Agency Status

1) The right of the Company to act as the exclusive maritime agent in Iraqi ports is hereby suspended. The Company shall, however, be permitted to provide maritime agency services in competition with other companies.

2) To the extent that Article 1 of Law Number 56 of 1985 (Maritime Agencies) or any other provision of Iraqi law is inconsistent with this Order, those inconsistent provisions are suspended.

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 52

PAYMENT OF PENSIONS FOR JUDGES AND PROSECUTORS WHO DIE WHILE HOLDING OFFICE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing that the administration of justice depends upon an independent and impartial judiciary and prosecution composed of persons of the highest quality and integrity, free of all outside influence,

Noting that according to the decision of the Revolutionary Command Council of 13 September 1983 issued pursuant to Article 42 of the Interim Iraqi Constitution of 1970, no provision is made for a pension for the family of Judges and Prosecutors who die or are killed in office, until the date when such Judge or Prosecutor would have reached the age of retirement,

Determined to make special provision for the families of Judges and Prosecutors who are killed while holding office.

I hereby promulgate the following:

Section 1
Payment of Pensions for Judges and Prosecutors who Die in Office

In the event of the death of a Judge or Prosecutor who was holding office at the time of death, the surviving relatives of the Judge or Prosecutor shall be paid a pension in accordance with this Order.

Section 2
Rate of Pension for Judges or Prosecutors who Die Other than as a Result of Homicide While Serving in Office

1) The amount of the pension to be paid to the surviving relatives of a Judge or Prosecutor who dies other than as a result of homicide while serving in office shall be the equivalent of 80% of the salary paid to a Judge or Prosecutor of the same grade as the deceased Judge or Prosecutor.

2) The pension paid under paragraph 1 above shall be paid from the date of the deceased person's death until the date when the Judge or Prosecutor would have reached retirement age, after which the pension to be paid to the surviving relatives shall be at the same rate as the normal retirement pension for Judges and Prosecutors.

Section 3
Rate of Pension for Judges or Prosecutors who are Killed while Serving in Office

1) The amount of the pension to be paid to the surviving relatives of a Judge or Prosecutor who is killed while serving in office shall be the equivalent to the full salary paid to a Judge or Prosecutor of the same grade as the deceased Judge or Prosecutor.

2) The pension paid under paragraph 1 above shall be paid from the date of the deceased person's death until the date when the Judge or Prosecutor would have reached retirement age, after which the pension to be paid to the surviving relatives shall be at the same rate as the normal retirement pension for Judges and Prosecutors.

Section 3
Administration and Payment of Pensions

1) The pensions authorized under this Order shall be administered and paid by the Ministry of Justice.

2) Such pensions shall be paid to those surviving relatives of the deceased Judge or Prosecutor whom the Judge or Prosecutor was supporting at the time of his or her death and whom the Minister of Justice determines to be qualified for such pensions under regulations to be promulgated by the Ministry of Justice. Pensions shall be paid to qualified surviving relatives in such proportions as the Minister of Justice determines to be equitable.

Section 4
Entry into Force

This Order shall enter into force on the date of signature, but shall apply retroactively to all deceased judges or prosecutors who died after 1 June 2003 while serving in office.

1/8/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 53

PUBLIC DEFENDER FEES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing the fundamental human right and indispensability to justice of representation at court by competent criminal defense counsel, as reflected in CPA Memorandum No. 3,

Recognizing further the necessity of adequate compensation to procure such counsel,

I hereby promulgate the following:

Section 1
Determination of Public Defender Fees

Notwithstanding any other provision of law, the schedule of fees to be paid to attorneys appointed under Article 144 of the Criminal Procedure Code of Iraq of 1971, as modified by CPA Memorandum No. 3, shall be established by the Council of Judges. The prior schedule of fees established by Article 144 and Article 63(c) of the Law on Advocacy, No.173 of 1965, or any other law, is hereby suspended.

Section 2
Scope of Right to Counsel

The right to court appointed counsel shall not extend to infractions as defined by Iraqi law, but shall apply only to misdemeanors and felonies.

Section 3
Retroactive Payments

The Council of Judges may authorize retroactive payments for legal defense services rendered to indigent criminal defendants since March 18, 2003.

Section 5
Entry into Force

This Order shall enter into force on the date of signature.

CPA/ORD/16 January 2004/53_

Richard W. Jones, Acting Administrator
1/18/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 54

TRADE LIBERALIZATION POLICY 2004

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Noting the responsibility of the Department of Border Enforcement, in CPA Order Number 26, to monitor and control the movement of persons and goods into and out of Iraq,

Further implementing the Reconstruction Levy imposed by CPA Order Number 38 (CPA/ORD/19 September 2003/38),

Having worked closely with the Governing Council, international organizations and relevant Ministries in developing policies that will foster international trade and a free market economy in Iraq,

I hereby promulgate the following:

Section 1
Suspension of Customs Charges

All customs tariffs, duties, import taxes (not including the Reconstruction Levy imposed by CPA Order Number 38), and similar surcharges for goods entering or leaving Iraq are suspended until the sovereign transitional Iraqi administration imposes such charges following the CPA's transfer of full governance authority to that administration.

Section 2
Contraband

1) Prohibited imports and exports ("Contraband") and restricted exports and restricted imports are listed in Annex A to this Order.

2) Except with respect to the Contraband and restricted exports and restricted imports listed in Annex A, there shall be no restriction as to the kind, origin or source of goods that may be imported into or exported from Iraq.

Section 3
Application to Existing Law

1) Notwithstanding any provision in this Order, the following laws shall remain in force:

 a) CPA Order Number 38, Reconstruction Levy (CPA/ORD/19 September 2003/38); and
 b) Drugs Law Number 68 of 1965.

2) This Order shall not apply to the importation or exportation of crude oil, residue crude and all other oil products, which may only be imported or exported by, or with the authorization of, the State Oil Marketing Organization. However, importation of petroleum products intended for use by the Coalition Provisional Authority, Coalition Forces, and forces of nations working in coordination with Coalition Forces shall not require authorization of the State Oil Marketing Organization.

3) Customs Law Number 23 of 1984, as amended, ("Customs Law") shall remain in force except as amended by this or any other CPA Order, including in particular CPA Order Number 16, Temporary Control of Iraqi Borders, Ports and Airports (CPA/ORD/26 June 2003/16) and CPA Order Number 26, Creation of the Department of Border Enforcement (CPA/ORD/24 August 2003/26).

4) CPA Order Number 12, Trade Liberalization Policy (CPA/ORD/7 June 2003/12) and CPA Memorandum Number 8, Exportation of Scrap Metal Under Order Number 12, Trade Liberalization Policy (CPA/MEM/25 January 2004/8) are hereby rescinded. Notwithstanding the foregoing, any licensing regime established under CPA Memorandum Number 8 shall continue to be effective to the extent that it is not inconsistent with the terms of this Order.

Section 4
Reconstruction Levy

1) The Minister of Finance, in consultation with the Director of the CPA Office of Management and Budget, may issue policy guidance as necessary to implement the reconstruction levy pursuant to Section 3 of CPA Order Number 38. Consistent with such policies, the Minister of Interior, in consultation with the Senior Advisor for Interior, may issue administrative instructions and procedures for implementing the reconstruction levy.

2) For the purpose of Section 1(2) of CPA Order Number 38, "international practice" means the customs valuation as set forth in the Agreement on Implementation of

Article VII of the General Agreement on Tariffs and Trade 1994. The customs value shall be determined by the transaction value of the imported goods, which shall be the price actually paid or payable for the goods when sold for export to the country of importation plus certain adjustments as provided for in the Agreement on Implementation. If the customs value cannot be determined on the basis of the transaction value, it will be determined using one of the following methods, as provided for in the Agreement on Implementation, in hierarchical order:

a) The transaction value of identical goods;
b) The transaction value of similar goods;
c) The deductive value method;
d) The computed value method; and
e) The fall-back method.

Notwithstanding the definition of value as set forth in Article 34 of the Customs Law Number 23 of 1984 as amended ("Customs Law"), the principles of this Section 4(3) shall apply in determining customs value.

3) The reconstruction levy exemption for goods listed at Section 2(1) of CPA Order Number 38 shall also apply to goods that are imported for the personal use of the traveler when those goods are not intended for sale.

a) With respect to an individual who is a resident of Iraq, this exemption will apply only where the total value of the goods entering Iraq with this individual is less than ID 500,000 for any 72 hour period. In no event will personal use exceed the following:

Cigarettes—200
Cigars—10
Cigarillos—25
Smoking tobacco—250 grams
Beer—8 liters
Wine—2 liters
Spirits— 1 liter
Fortified wine
(e.g. port/sherry)—2 liters

b) With respect to an individual who is not a resident of Iraq, the exemption in Section 4(4)(a) of this Order will apply to goods entering Iraq with this individual for personal use irrespective of value of the goods, provided that the goods are not intended for sale. Procedures for administering this exemption will be issued by the Ministry of Finance in consultation with the Director of the CPA Office of Management and Budget.

4) For purposes of section 2(1)(g) and (2)(f) of CPA Order Number 38, and subject to Section 4(8) of this Order, a "not-for-profit organization" is an organization that is not organized for commercial purposes and no part of the income or surplus of which is at any time payable to, or otherwise available for the personal benefit of, any proprietor, member, shareholder, or any individual who is a spouse, child, grandchild, parent, grandparent, or sibling of any of the aforesaid, or majority owner of an entity that is a member or shareholder of the organization. The organization may provide such a proprietor, member, shareholder or any individual who is a spouse, child, grandchild, parent, grandparent, or sibling of any of the aforesaid, or majority owner of an entity that is a member or shareholder of the organization with benefits that are generally available to the general public.

5) For purposes of section 2(1)(g) of CPA Order Number 38, the term "public benefit" means activities aimed at achieving a universal or common good for the general public through the advancement, protection, maintenance, support, improvement or enhancement of:

a) Health, which includes without limitation, the prevention and relief of sickness, disease or of human suffering;
b) Education;
c) Social and community welfare, which without limitation includes:
 i. The prevention and relief of poverty;
 ii. The care, support and protection of the aged, minors, vulnerable persons and populations, and people with a disability;
 iii. The care and support of members or former members of the armed services;
d) Religion;
e) Culture;
f) The natural environment; and
g) Other purposes beneficial to Iraq.

6) For purposes of Sections 2(1)(g) and (2)(f) of CPA Order Number 38, an "international organization" is an organization with an international legal personality and an independent decision-making organ that is established under international law by an international agreement or other formal constitutive document, and performs functions of a genuinely international character. Such term includes, but is not limited to, the United Nations (including its agencies), the Arab League, the International Monetary Fund, the World Bank, the Organization for the Prohibition of Chemical Weapons, the International Atomic Energy Agency, and the World Trade Organization.

7) Organizations that meet the definitions of not-for-profit organizations and international organizations set forth in Section 4, paragraphs (4) and (6), respectively, of this Order will be considered a not-for-profit organization or international organization for purposes of Section 2(1)(g) and (2)(f) of CPA Order Number 38 only after the organization has registered with the Customs Department, including, where applicable, registration as a non-governmental organization pursuant to CPA Order Number 45. An organization that has not registered with the Customs Department prior to importation of goods will be required to pay the reconstruction levy at the time of importation. The levy will be refunded if the organization meets the applicable definition and registers with the Customs Department within 60 days of the date of importation.

8) The reconstruction levy exemption for the persons and entities listed at Section 2(2) of CPA Order Number 38 shall apply as follows:

 a) Section 2(2)(c) of CPA Order Number 38 covers forces of countries and their contractors and sub-contractors acting in coordination with Coalition Forces only to the extent of activities that are in coordination with Coalition Forces and with respect to goods imported for such activities;
 b) Section 2(2)(d) of CPA Order Number 38 covers Coalition contractors and sub-contractors only with respect to imported goods supplied to the Coalition Provisional Authority and Coalition Forces; and
 c) Sections 2(2)(e) and 2(2)(f) of CPA Order Number 38 cover contractors and sub-contractors of Coalition Forces' departments and agencies, governments, international organizations, and not-for-profit organizations, only with respect to goods that those persons or entities import for the provision of technical, material, financial and human resource assistance.

Section 5
Revision of Customs Law

For purposes of implementing the reconstruction levy, the Customs Law shall be applied with the following revisions:

1) Article 55 of the Customs Law is revised by adding the following sentences at the end of that article to read as follows:

 The Director General of Customs shall determine the type of Reconstruction Levy Computation Form, number of copies, information that must be included on the form, documents to be attached and any exceptions to the stated requirements. Reference to "Customs Declaration" or "Declaration" in this law shall refer to the "Reconstruction Levy Computation Form" whenever applicable.

2) Claims for repayment of overpayments of the reconstruction levy resulting from disputes of valuation may be submitted to the Opposition Body pursuant to Articles 74 to 77 of the Customs Law, regardless of whether the goods remain in the custody of the Customs Department.

3) Article 77(2) of Customs Law is hereby suspended for purposes of this Order.

4) The exemption provided by free zones legislation will not apply to the reconstruction levy.

5) The reconstruction levy will not be imposed on the value of goods that entered Iraq under an exemption set forth in section 2 of CPA Order Number 38 if the property is destroyed or is otherwise no longer usable. Article 149(2)(c) of the Customs Law is hereby suspended for purposes of this Order.

6) The reconstruction levy shall not be refunded as a drawback when goods are re-exported abroad. Articles 151 and 152 of Customs Law are hereby suspended for purposes of this Order.

7) The reconstruction levy shall not be imposed on goods in transit, as defined in Part 8 of the Customs Law.

8) Section 2 of CPA Order Number 38 provides the exclusive list of exemptions (both exempt goods and exempt persons and entities) for purposes of the reconstruction levy. Part 10 of the Customs Law is hereby suspended for purposes of this Order.

9) Fines imposed for offenses under Part 15, Chapters 4, 5, and 7 of the Customs Law (as amended by Decision 103 of 2001) shall apply to the reconstruction levy. To account for inflation, the amount of fines listed in dinars in those chapters will be multiplied by 10.

Section 6
Excise Tax on Alcohol and Tobacco

Notwithstanding Section 1 of this Order, the Administrator or his delegee may reinstate the Excise Tax on Alcohol and Tobacco products.

Section 7
Effective Date of Reconstruction Levy

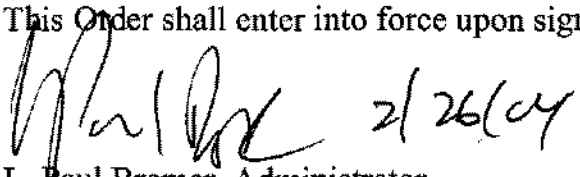
The Reconstruction Levy shall be imposed on goods imported into Iraq beginning April 1, 2004.

CPA Order Number 38, Section 7, paragraph (4), on the Reconstruction Levy is therefore amended to read in its entirety as follows:

"4) Unless exempted under this Order, the Reconstruction Levy shall be imposed on all goods imported into Iraq from all countries beginning April 1, 2004."

Section 8
Entry Into Force

This Order shall enter into force upon signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 54

TRADE LIBERALIZATION POLICY 2004

RESTRICTED IMPORTS

The following items cannot be imported in any quantity unless the Ministry of Trade issues a license authorizing the import:

- Non-military explosives imported for industrial and commercial uses;
- Industrial materials that may be used in the manufacture of explosives, but that have a primary use unconnected to the manufacture of explosives, such as fertilizer; and
- Fowl or poultry products from countries known or suspected to have had outbreaks of pathogenic bird flu (avian influenza virus). As of the date of signing of CPA Order Number 54, these countries are Cambodia, Japan**,** the Republic of Korea, Viet Nam, Indonesia, Laos, China and Thailand.

Items and technologies listed in the following international nonproliferation regimes (that are not otherwise prohibited under United Nations Security Council Resolutions or CPA Orders) cannot be imported in any quantity unless the Ministry of Trade issues a license authorizing the import:

- Australia Group
- Missile Technology Control Regime
- Nuclear Suppliers Group
- Wassenaar Arrangement

PROHIBITED IMPORTS

- Magazines, films, videotapes and CDs contrary to public norms;
- Arms, ammunition, all explosives other than industrial and commercial explosives, and materials used in the manufacture of explosives that do not have a primary use unconnected to the manufacture of explosives (other than any such items required by, or for purposes of, the CPA (including contractor security personnel), Coalition Forces, and foreign liaison mission security personnel ;
- Non-medical narcotics (heroin, cocaine, cannabis etc.);
- Nuclear, chemical, biological materials or weapons; components of such systems; technologies and equipment for the development, manufacture, use or storage of such materials or systems; delivery systems for such weapons; components of delivery systems for such weapons; technologies and equipment for the development, manufacture, use or storage of such delivery systems; and
- Nuclear materials, except for radioisotopes for legitimate industrial, agricultural or medical purposes.

RESTRICTED EXPORTS

The following items cannot be exported in any quantity unless a license is issued by the Ministry of Trade authorizing the export;

- Non-military explosives imported for industrial or commercial use
- Industrial materials that may be used in the manufacture of explosives, but that have a primary use unconnected to the manufacture of explosives, such as fertilizer

Items and technologies listed in the following international nonproliferation regimes (that are not otherwise prohibited under United Nations Security Council Resolutions or CPA Orders) cannot be exported in any quantity unless the Ministry of Trade issues a license authorizing the export:

- Australia Group
- Missile Technology Control Regime
- Nuclear Suppliers Group
- Wassenaar Arrangement

The following items in quantities in excess of personal use cannot be exported unless the Ministry of Trade issues a license authorizing the export:

Foodstuffs
- Sugar
- Tea
- Imported Rice
- Wheat and Wheat Flour
- Imported Vegetable Oils and Fats
- Lentils and Chickpeas
- Dried Beans
- Milk Powder and Infant Formula
- Yellow Corn for Animal Feed

Animals
- All animals (including fowl), excluding household pets

Manufactured Goods
- Ferro-concrete, Iron, Iron Reinforcing Rods
- Galvanized Iron Plates, Steel Sheets and Plates
- Wood of all kinds
- Mineral Water Pipes and their Fittings
- Ceramic and other Bathroom Furnishings including Taps and Sinks
- Plain and Colored Window Glass
- Metals of all kinds, including scrap

Other Articles

- Bar soap and detergents (in quantities that exceed personal use)
- Date palm seedlings and shoots

PROHIBITED EXPORTS

- Historical artifacts (excluding modern military artifacts and items not prohibited from export under existing Iraqi law)
- Magazines, films, videotapes, and CDs contrary to public norms
- Arms, ammunition, and all explosives other than industrial and commercial explosives and materials used in the manufacture of explosives that do not have a primary use unconnected to the manufacture of explosives (other than such items originally imported by, or required for historical or other purposes of, the CPA (including contractor security personnel), Coalition Forces, and foreign liaison mission security personnel)
- Non-medical narcotics (heroin, cocaine, cannabis, etc.)
- Nuclear, chemical, biological materials or weapons; components of such systems; technologies and equipment for the development,, manufacture, use or storage of such materials or systems; delivery systems for such weapons; components of delivery systems for such weapons; technologies and equipment for the development, manufacture, use or storage of such delivery systems. Except that such materials, components, systems may be delivered to Coalition authorities for disposition and elimination.
- Nuclear materials, except for radioisotopes for legitimate industrial, agricultural or medical purposes, and nuclear materials delivered to Coalition authorities for disposition and elimination.

COALTION PROVISIONAL AUTHORITY ORDER NUMBER 55

DELEGATION OF AUTHORITY REGARDING THE IRAQ COMMISSION ON PUBLIC INTEGRITY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), Resolution 1500 (2003), and Resolution 1511 (2003),

Avowing that corruption is the bane of good government and prosperity;

Recognizing that the Iraqi people deserve leaders who are honest and dedicated to the transparent governance of Iraq;

Emphasizing that effective governance depends on the confidence that Iraqi people have in their leaders and corruption erodes that confidence,

Underscoring that honest and transparent governance will promote lasting prosperity of the Iraqi people by assuring them and the world community of the integrity of Iraqi leaders;

Noting that Iraq has long prohibited corruption in government, but that enforcement has been arbitrary and intermittent and that corruption has proliferated under the Baath regime;

Acknowledging that the battle against corruption is a long-term struggle that requires lasting commitment to change behavior at all levels of government,

Recognizing that the CPA is committed to the effective administration of Iraq and that building the Iraqi capacity to fight corruption contributes to civilian administration,

Noting that the Governing Council is leading the development of an anti-corruption strategy for Iraq,

I hereby promulgate the following:

Section 1
Delegation of Authority

The Governing Council is hereby authorized to establish the Iraq Commission on Public Integrity (Commission) as an independent body responsible for enforcing anti-corruption laws and public service standards; proposing additional legislation as

necessary; and heightening the Iraqi people's demand for honest, transparent and accountable leadership through public awareness and education initiatives. Proposed provisions establishing the Commission have been discussed between the Governing Council and the CPA and are set forth in Appendix A.

Section 2
Terms and Conditions

The authority delegated under Section 1 of this Regulation shall be subject to the following terms and conditions:

a) The Governing Council shall ensure that the Commission is established and acts in a manner consistent with orders, regulations, and memoranda promulgated by the CPA.

b) The Governing Council shall ensure that the Commission acts as the principal enforcement arm of Iraq's anti-corruption laws and performs its duties in conjunction with the Board of Supreme Audit ("Board") and the Inspectors General of Iraqi ministries.

c) The Governing Council understands and acknowledges that the Commission, the Board, and the Inspectors General have expressly defined powers and areas of responsibility. Accordingly, the Governing Council shall ensure (i) that the Board serves as Iraq's supreme audit institution, and remains responsible for detecting fraud, waste, and abuse in Iraqi ministries and other government organizations; (ii) that the Board retains no prosecutorial or enforcement powers and must refer all evidence of fraud, waste, and abuse to the Inspector General of the relevant ministry; (iii) that the Inspectors General, in turn, and in addition to policing their own ministries, must investigate all referred matters and report their findings and recommendations to the relevant minister and to the Commission for final review and appropriate action; and (iv) that only the Commission is empowered to dispose of cases involving misconduct through criminal proceedings.

d) The Governing Council acknowledges that this system is expressly designed to facilitate transparent governance and combat corruption at all levels by enabling oversight agencies to operate independently and by ensuring that investigative and enforcement functions are performed separately and discretely. The Governing Council shall therefore ensure that the system is implemented as designed.

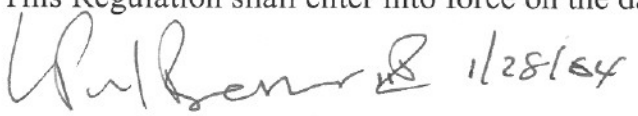
e) As part of the delegation in Section 1, the Governing Council is authorized to modify existing Iraqi law as set forth in Appendix A and to permit the Commission to promulgate a revision of the Code of State Employees and Social Sector Discipline.

f) In the event of a conflict between any promulgation by the Governing Council and any promulgation of the CPA, the promulgation of the CPA shall prevail.

g) The Administrator reserves the authority to alter the statute creating the Commission or any rules and regulations promulgated by the Commission, or to otherwise intervene to prevent and uproot government corruption in Iraq, if required in the interests of justice.

Section 3
Effective Date

This Regulation shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

THE COMMISSION ON PUBLIC INTEGRITY

Avowing that corruption is the bane of good government and prosperity;

Recognizing that the Iraqi people deserve leaders who are honest and dedicated to the transparent governance of Iraq;

Underscoring that honest and transparent governance will promote lasting prosperity of the Iraqi people by assuring them and the world community of the integrity of Iraqi leaders;

Noting that Iraq has long prohibited corruption in government, but that enforcement has been arbitrary and intermittent and that corruption has proliferated in Iraq since July 17, 1968;

Acknowledging that the battle against corruption is a long-term struggle that requires lasting commitment to change behavior at all levels of government;

Be it approved by the Governing Council:

Section 1
Purpose

This statute encourages honest and transparent governance by establishing a truly independent body capable of effectively enforcing anti-corruption laws and public service standards, proposing additional legislation as necessary, and heightening the Iraqi people's demand for honest, transparent and accountable leadership through public awareness and education initiatives; by requiring Iraq's leaders to demonstrate their commitment to ethical public service through oaths of office and public disclosure of personal financial interests; and by strengthening and clarifying Iraq's standards of ethical public service and its criminal laws prohibiting public corruption.

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Section 2
Definitions

For purposes of this law, the following definitions shall apply. Words importing the singular include and apply to several persons, parties, or things; words importing the plural include the singular; and words importing the masculine gender include the feminine:

1) "Person" means any natural person, corporation, company, association, firm, partnership, society, union, institution, or organization.

2) "Penal Code" means the Iraqi Penal Code of 1969, as amended.

3) "Code of Conduct" means the Code for State Employees and Social Sector Discipline, Resolution No. 144.

4) "Corruption Case" means a criminal case that involves a suspected violation of

 a) Paragraphs 233, 234, 271, 272, 275, 276, 290, 293, or 296 of the Penal Code,

 b) Paragraphs 307 through 341 (Chapter Six) of the Penal Code,

 c) Any provision of the Penal Code to which Paragraph 135(5), (6), or (7), added by Section 6 of this measure, applies, or

 d) Any other provision of the Penal Code, where the suspected violation arises from the same operative facts as a suspected violation of a provision listed in subsections (a) through (d), above.

5) "Covered persons"means:

 a) Governing Council members and their deputies;

 b) Ministers and deputy ministers;

 c) Governors;

 d) Judges;

 e) The Commissioner, Deputy Commissioner, and all Directors and investigators of the Commission;

 f) Members of the National Legislature after the Transition; and

 g) The chief executive of Iraq on and after the Transition.

6) "Transition" means the moment at which the sovereign transitional Iraqi administration assumes full governance authority in Iraq.

7) Before the Transition, "National Legislature" means the Governing Council. After the Transition, "National Legislature" means the body that is vested with the national legislative authorities and duties.

Section 3
Commission on Public Integrity

The Commission on Public Integrity (Commission) is hereby established as a separate and independent government office that will implement and enforce this statute, by investigating and referring cases to courts for criminal proceedings; promoting the people's trust in the government of Iraq through financial disclosure and other programs; and fostering a culture in government and in the public of personal integrity, ethical public service, and accountability, through public awareness and education programs. The Commission may develop and propose for enactment additional legislation, promulgate regulations as authorized herein, and take such other actions as it deems necessary and appropriate to achieve its objectives.

Section 4
Powers and Duties

1) The Commission shall have the authority to investigate and, through an investigator of the first class, present to an investigative judge a Corruption Case involving actions dating as far back as July 17, 1968. Upon presentation of the case to the investigative judge, the Commission shall become a party to the case.

2) The Commission may refer information regarding possible violations of the Code of Conduct to the head of the government agency that employs the suspected violator or that agency's Inspector General, with or without a recommendation for disciplinary action.

3) The Commission shall establish procedures to receive, through the office of an Ombudsman, and investigate allegations of corruption, including anonymous allegations. The Commission shall take all necessary and appropriate steps to protect the identity of informants to the maximum extent permitted by law, unless the informant waives such protection.

4) The Commission shall employ, among others, financial auditors, investigators, and investigators of the first class. An investigator of the first class is hereby empowered to exercise the powers of a court investigator under Iraqi law in any part of Iraq, and a request, motion, information, application, or supplication of whatever form submitted to a judge by an investigator of the first class shall be received and entertained in the same manner as such submissions from a court investigator.

5) An investigating judge shall notify the Director for Legal Affairs of the Commission upon commencing an investigation into a Corruption Case. At the Commission's request, the investigating judge shall update the Commission about the investigation as it progresses. The Commission may elect at any time to assume responsibility for such an investigation. If the Commission elects to assume such responsibility, the investigating judge shall transfer the entire case file to the Commission immediately, cooperate with and fully inform the Commission about the case, and cease his investigation.

6) The Commission shall promulgate mandatory financial disclosure regulations in accordance with Section 7. The regulations shall be designed to gain public trust and confidence in the honesty and transparency of government service. The regulations shall have the force and effect of law, and may be amended from time to time as the Commission deems necessary to achieve their purpose. The regulations shall require, at a minimum, disclosure of the information called for by the form annexed hereto as Appendix A.

7) The Commission shall promulgate a revision to the Code of Conduct, to clarify and strengthen the standards of ethical conduct to which Iraq's government employees must adhere. In revising the Code of Conduct the Commission will consult with the National Center for Consultation and Development of Government Administration and with the inspectors general of the Iraqi Ministries. The Code of Conduct shall address the duty of government employees:

 a. to report corruption to an appropriate authority;

 b. to act impartially and not to give unfair and unlawful preferential treatment to any organization or individual;

 c. not to engage directly or indirectly in financial transactions using official, nonpublic information;

 d. not knowingly to provide false, misleading, or incomplete information to the Commission;

 e. not to accept gifts of more than a nominal value to be specified by the Commission, except for bona fide gifts from bona fide friends of long standing;

 f. not to participate personally and substantially in official matters that have a direct and predictable effect upon the financial interests of themselves, their spouses or their family relations to the second degree, except where expressly authorized by law.

Every government employee must sign a written pledge of adherence to the Code of Conduct as a condition of employment. Heads of government agencies will take appropriate actions to ensure that employees sign such pledges.

8) The Commission may propose to the National Legislature legislation designed to eradicate corruption and foster a culture of integrity, honesty, transparency, accountability, submission to questioning, and fair dealing in government.

9) The Commission shall make available to government employees and the Iraqi public such education and public awareness programs as the Commission deems appropriate to foster a culture of integrity, honesty, transparency, accountability, and fair dealing in public service. It should enforce submission to questioning and impartial dealing in public service. In performing this responsibility, the Commission shall work with education officials to develop a national school curriculum to promote public integrity.

10) In performing its duties, the Commission and its officials shall not discriminate on the basis of, and shall act without regard to, religion, confession, race, ethnicity, gender, political affiliation or ideology, or familial affiliation or tribe. Any act of the Commission based on or motivated by such a distinction is invalid and null. The subject of such an act may sue to have it so declared in a court of law.

11) The Commission shall, in all of its operations, fastidiously observe and ensure the protection of due process under law.

Section 5
Organization and Functions

1) The Commission shall be chaired by a Commissioner, who shall serve a term of five years. A Commissioner may serve no more than two terms, whether or not successive. The initial Commissioner shall be nominated by the Governing Council and appointed to his initial term by the Administrator. Commissioners after the initial Commissioner shall be appointed by the chief executive of Iraq from a pool of three nominees of the Council of Judges, subject to confirmation by a majority vote of the National Legislature. The nominees of the Council of Judges shall have the highest standards of ethical behavior and a reputation for integrity and honesty. The Commissioner may be removed from office by a two-thirds vote of the National Legislature for incapacity, serious misconduct in or out of office, dereliction of duty, or abuse of office.

2) The Commissioner shall:

a) authorize, direct and control all operations of the Commission and ensure that it fulfills its duties under law;

b) propose a budget for and approve expenditures by the Commission;

c) hire, fire, and discipline Commission personnel in accordance with the Code of Conduct except as otherwise provided by law, and prescribe their training and qualifications;

d) promulgate and ensure compliance with financial disclosure regulations as directed in this statute, and the procedural rules described in Section 4(3) of this statute; and

e) promulgate amendments to and help ensure compliance with the Code of Conduct as set forth in Section 4(7) of this statute.

The Commissioner may delegate his duties to his subordinates in the Commission.

3) The Commission shall have a Deputy Commissioner, a Director for Investigations, a Director for Legal Affairs, a Director for Prevention, a Director for Education and Public Relations, a Director for Relations with Non-Governmental Agencies, and a Director for Administration, each of whom shall be appointed by the Commissioner and shall serve under his authority, direction and control.

4) The Deputy Commissioner shall be the chief assistant to the Commissioner. The Deputy Commissioner shall act as the Commissioner, with all appurtenant authorities, powers, rights, responsibilities and duties, during the Commissioner's incapacity.

5) The Director of Investigations shall be primarily responsible for the detection and investigation of corruption in the government of Iraq, and for establishing procedures for receiving and investigating allegations of corruption, including anonymous allegations.

6) The Director for Legal Affairs shall assist and advise the Commissioner in ensuring compliance with the law of Iraq, and in suggesting legislation to the Commissioner for submission to the national legislature.

7) The Director of Prevention shall be primarily responsible for assisting the Commissioner in fulfilling his duties under subsections 4(6)-(7) of this statute.

8) The Director of Education and Public Relations shall assist the Commissioner in fulfilling the duty imposed on the Commission by subsection 4(9) of this statute. He shall educate public officials, government employees and the public as to the principles of ethical public service, the Code of Conduct, and the financial disclosure

regulations applicable to government employees. He shall develop with the Ministry of Education and other education officials and organizations a national school curriculum to promote ethics in public service, and may carry out such training, studies, media campaigns, conferences, seminars and similar events, and hire consultants in furtherance of these activities.

9) The Director of Relations with Non-Governmental Organizations shall work with non-governmental organizations to promote a culture of ethics in both the public and private sectors, by developing and disseminating materials, conducting training programs and media outreach efforts, and other actions in furtherance of these activities.

10) The Director for Administration shall be responsible for office administration and personnel and human resources.

Section 6
Penal Code Amendments

The Penal Code is amended:

1) By appending to the end of Paragraph 135 the following:

"(5) The abuse of public or trusted office for private gain or the offering, granting or acceptance of some advantage in violation of the person's trusted or public official duties and the official abuse of the rights of others, or attempting to induce such abuse or violation.

"(6) The commission of an offense in connection with, in furtherance of, or to impede detection of any of the offenses described in Sections 2(4)(a) through (d) of the organic law establishing the Commission on Public Integrity.

"(7) Violation of financial disclosure regulations promulgated by the Commission on Public Integrity."

2) By appending to the end of Paragraph 136 the following:

"(4) If the offense involves a provision described in Sections 2(4)(a) through (d) of the organic law establishing the Commission on Public Integrity, then the offending person shall be immediately and permanently disqualified from government employment or from contracting to provide goods or services to the government and, unless a more harsh sentence is prescribed by another provision of law, the sentence may be imprisonment of up to 10 years, and a fine of up to

$10 million or its equivalent in Iraqi Dinars, and the forfeiture and restitution of any and all amounts, objects, and tangible assets of unjust enrichment resulting from the offense or related activities."

Section 7
Financial Disclosure

1) Within 30 days of the date of assuming office, the initial Commissioner shall promulgate regulations requiring, at a minimum, that Covered Persons annually disclose the information called for by the form annexed hereto as Appendix A .

2) Timely compliance with Commission regulations promulgated pursuant to this statute shall be a condition of employment.

3) The Commission shall make available to the public for inspection and copying the information and forms filed pursuant to the financial disclosure regulations promulgated pursuant to this statute.

4) The Commission shall review, audit, and investigate as appropriate Covered Persons' financial disclosures ensure honest compliance.

Section 8
Reporting Requirements

After the Transition, the Commissioner shall provide the chief executive of Iraq and the National Legislature with a report on the activities of the Commission, at least annually. Such reports shall include statistics on cases reported, investigated, referred, dropped, and prosecuted as well as information on the Commission's public outreach activities. The Commissioner shall make these reports available to the public.

APPENDIX A

ANNUAL IRAQI FINANCIAL STATEMENT

ALL QUESTIONS REFER TO CALENDAR YEAR (JANUARY 1 THROUGH DECEMBER 31) UNLESS OTHERWISE SPECIFIED.

Please answer all questions and where your answer is "none" or "not applicable" so state. **ANSWERS SHOULD BE PRINTED OR TYPED,** and additional sheets may be used if more space is needed. For clarification of any question, read instruction sheet.

Note: The failure to file a Yearly Financial Statement by a Covered Person, as defined in the law establishing the Commission on Public Integrity, is a violation of the law and may subject the official to penalties, including fines and suspension from office.

1. _____
 NAME OF OFFICIAL (First) (Middle) (Surname)

2. _____
 HOME ADDRESS (Street) (City/Town)

3. **List Public Office(s) you hold and governmental unit:**

 (Public Office) (Municipality, Governorate, or National)

 (Public Office) (Municipality, Governorate, or National)

4. List the names of any non-government employer from which you, your spouse, or dependent child received [$1000 or equivalent dinars] or more gross income during the calendar year, or in which you, your spouse, or dependent child held a position as a director, officer, partner, trustee, or management position. If self-employed, list any occupation from which [$1000 or equivalent dinars] or more gross income was received. If employed by a governorate or municipal Ministry or agency, or if self-employed and services were rendered to a state or municipal agency for an amount of income in excess of [$250.00 or equivalent dinars], list the date and nature of services rendered. If the public office or employment listed in #3, above, provides you with an amount of gross

income in excess of [$250.00 or equivalent dinars] it must be listed here. **(Do Not List Amounts.)**

NAME OF FAMILY MEMBER EMPLOYED	NAME AND ADDRESS OF EMPLOYER OR OCCUPATION	DATE AND NATURE OF SERVICES RENDERED

5. List the address or legal description of any real estate, other than your principal residence, in which you, your spouse, or dependent child had a financial interest.

NAMES	NATURE OF INTEREST	ADDRESS OR DESCRIPTION

6. List name of any trust, name and address of the trustee of any trust, from which you, your spouse, or dependent child or children have a beneficial interest of [$1000 or equivalent dinars] or more. List assets if known. **(Do Not List Amounts)**

NAME OF TRUST: _____

NAME OF TRUSTEE AND ADDRESS: _____

NAME OF FAMILY MEMBER RECEIVING TRUST INCOME:_____

ASSETS:_____

7. List the name and address of any person, business entity, or other organization which had made total gifts or total contributions of [$100 or equivalent dinars] or more in cash or property during the calendar year to you, your spouse or dependent child. Certain gifts from relatives and certain campaign contributions are excluded. (See instructions)

NAME OF PERSON RECEIVING GIFT OR CONTRIBUTION	NAME AND ADDRESS OF PERSON OR ENTITY MAKING GIFT OR CONTRIBUTION, AND RELATIONSHIP TO RECIPIENT

8. If you, your spouse, or dependent child were indebted in an amount in excess of [$1,000 or equivalent dinars] to any person, business entity or other organization other than (i) any person related to you, your spouse, or dependent child at any time within the third degree of consanguinity (see instructions), or (ii) a financial institution regulated by the Iraqi Government where such indebtedness is secured solely by a mortgage of record on real property used exclusively as your principal residence, or (ii) any indebtedness arising from transactions involving credit, please list the following:

NAME AND ADDRESS OF DEBTOR	NAME AND ADDRESS OF LENDER

I certify under penalty of perjury, that this Financial Statement is a complete and accurate response to the questions presented.

SIGNATURE

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 56

CENTRAL BANK LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to stabilize domestic prices and to foster an economic climate conducive to the establishment of a stable and competitive market economy,

Recognizing the problems arising from the former regime's policies regarding governance of the Central Bank of Iraq,

Further recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social functions and normal transactions of every day life,

Recalling that U.N. Security Council Resolution 1483 (2003) called upon the CPA to promote economic reconstruction and the conditions for sustainable development,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of the U.N. Security Council Resolution 1483,

I hereby promulgate the following:

Section 1
Purpose

This Order establishes a safe, sound, and independent Central Bank for the purposes of achieving and maintaining domestic price stability, fostering and maintaining a

stable and competitive market-based financial system, and promoting sustainable growth, employment, and prosperity in Iraq.

Section 2
Central Bank Law

The Central Bank of Iraq Law attached to this Order in Annex A shall have the full force and effect of law.

Section 3
General Provisions

The term "Appointing Authority" shall mean the Administrator in consultation with the Governing Council, during the period prior to the transfer of full governmental authority to the transitional Iraqi administration and the recognition of the sovereignty of that administration by the CPA.

Those actions to be taken by "upon the recommendation of the Appointing Authority and confirmation by the Legislature" under the Central Bank of Iraq Law in Annex A shall be undertaken upon the recommendation of the Governing Council and confirmation by the Administrator, during the period prior to the transfer of full governmental authority to the transitional Iraqi administration and the recognition of the sovereignty of that administration by the CPA. Likewise, during the that period, those actions requiring nomination by the Appointing Authority and confirmation by the Legislature shall be undertaken by way of nomination by the Governing Council and confirmation by the Administrator.

Those actions to be taken by the Legislature by itself shall be undertaken by the Governing Council with the approval of Administrator during the period prior to the transfer of full governmental authority to the transitional Iraqi administration and the recognition of the sovereignty of that administration by the CPA.

Section 4
Nominations

The Governing Council shall forward nominees for the Governor, the Deputy Governors and the other members of the Board of the Central Bank to the Administrator for his approval within one month of the date of the signing of this Order. Should the Governing Council fail to forward such a list of nominees to the Administrator within this time period, the Administrator shall nominate and appoint

the Governor, the Deputy Governors, and the other members of the Board of the Central Bank.

Section 5
Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 6
Entry into Force

This Order shall enter into force on the date of signature.

3/6/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

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SECTION 1—DEFINITIONS, AUTONOMY, OBJECTIVES AND FUNCTIONS

Article 1 Definitions

The following terms shall have the meanings set forth below:

"*Appointing Authority*" means the head of the Government.

"*bank*" means a person holding a license or permit under the Banking Law to engage in banking business and other banking activities;

"*banking business*" means the business of receiving deposits of money or other repayable funds from the public for the purpose of making credits or investments for its own account;

"*Board*" means the Board of Directors of the CBI;

"*CBI*" means the Central Bank of Iraq;

"*credit*" means any disbursement or commitment to make a disbursement of a sum of money in exchange for the right to repayment of the amount disbursed and outstanding and to payment of interest or other charges on such amount, whether secured or unsecured, any extension of the due date of a debt, any guarantee issued, and any purchase of a debt security or other right to payment of a sum of money that may provide for the payment of interest either directly or by a discounted purchase price;

"*currency*" means the monetary unit of a country;

"*deposit*" means a certain sum of money paid to a person, whether or not evidenced by any entry in a record of the person receiving the sum, on terms under which the deposit will be repaid or transferred to another account, with or without interest or a premium, either on demand or at a time or in circumstances agreed to by or on behalf of the depositor and that person;

"*Deputy Governor*" means a Deputy Governor of the CBI;

"*dinar*" means the Iraqi dinar;

"*fit and proper person*" means a person who is regarded as honest and trustworthy and whose professional qualifications, background and experience, financial position, or business interests do not disqualify that person in the judgment of the Appointing Authority or, with respect to Article 64, the Minister of Justice, provided, however, that no person shall be regarded as a fit and proper person if the person:

(i) has been convicted by a criminal court of an offense for which the person was or could have been sentenced to imprisonment for a term of one year or more without

the option of a fine unless such sentence, in the judgment of the Appointing Authority, or, with respect to Article 64, the Minister of Justice, was or would have been motivated by his religious or political views or activities;

(ii) has been declared bankrupt by a court of law within the past seven years;

(iii) has been disqualified or suspended by a competent authority from practicing a profession on grounds of personal misconduct unrelated to his religious or political views or activities; or

(iv) has been declared unfit to manage a company by a court of law or under an order issued by a competent agency;

"*foreign exchange*" means any bank note or coin, cheque, draft, promissory note, bill of exchange, payment order, credit, balance of account or any other means of effecting payments in any currency other than the Iraqi currency;

"*Government*" means the entity exercising temporary governmental authority in Iraq on the date this law enters into force and then the transitional Iraqi administration upon the transfer to it of full governmental authority and the recognition of the sovereignty of that administration by the CPA, and then the internationally recognized representative government of Iraq once it assumes the responsibilities of such authority;

"*Governor*" means the Governor of the CBI;

"*legal tender*" means banknotes and coins which any creditor is obligated to accept in payment for a debt denominated in Iraqi *dinars*;

"Legislature" means the principal legislative body of Iraq, or a component or subordinate body thereof empowered for purposes of oversight of the CBI pursuant to this Law.

"*Official Publication*" means the *Official Gazette* or such other general publication of wide circulation as specified by the Appointing Authority;

"*State*" means the Republic of Iraq;

"*Tribunal*" means the Financial Services Tribunal as described in Articles 63 through 70 of this Law.

Article 2 Legal capacity and autonomy

1. The CBI, established under the Central Bank of Iraq Law, Law No. 64 of 1976, as amended from time to time, is a legal entity with the full capacity to enter into contracts, to sue and be sued, and to carry out its functions under this and any other law. In carrying out its functions, the CBI may: (i) administer and hold property, (ii) hire staff, define their duties,

and determine their compensation; and (iii) determine and fund its own budget. Nothing in this Law shall be construed to interfere with the continuation of the existence of the CBI as a legal entity under prior law, or with any of the authority, rights, duties or obligations of the CBI under prior law, except as otherwise provided for under this Law.

2. In the pursuit of its objectives and the performance of its tasks, the CBI shall be autonomous and accountable as provided for in this Law. Except as otherwise specified in this Law, the CBI shall not take instructions from any other person or entity, including government entities. The autonomy of the CBI shall be respected and no person or entity shall seek improperly to influence any member of a decision-making body of the CBI in the discharge of his duties towards the CBI or to interfere in the activities of the CBI.

3. The CBI's head office shall be located in the City of Baghdad and, in order to discharge its functions within Iraq and abroad, it may open such branches, agencies and bureaus, and appoint such correspondents as it may require.

Article 3 Objectives

The primary objectives of the CBI shall be to achieve and maintain domestic price stability and to foster and maintain a stable and competitive market-based financial system. Subject to these objectives, the CBI shall also promote sustainable growth, employment, and prosperity in Iraq.

Article 4 Functions

1. The functions of the CBI in achieving the objectives set forth in Article 3 and as further described in this Law, shall be to:

a. formulate and implement monetary policy, including exchange rate policy, for Iraq in accordance with Section 6;

b. hold and manage all official foreign reserves of Iraq, other than working balances of the government, in accordance with Article 27;

c. hold gold and manage the State reserves of gold;

d. provide services as advisor and fiscal agent to the Government in accordance with Section 4;

e. provide liquidity services to banks in accordance with Articles 28 and 30;

f. issue and manage Iraqi currency in accordance with Section 7;

g. compile and publish data on the banking and financial system and the economy in accordance with Article 41;

h. establish, oversee and promote sound and efficient payment systems in accordance with Article 39;

i. issue licenses or permits to banks and to regulate and supervise banks as further specified in this Law and in the Banking Law;

j. open and maintain accounts on the books of foreign central banks and international financial organizations;

k. open and maintain on its own books accounts for foreign central banks, foreign governments and international organizations; and

l. carry out any ancillary tasks or transactions incidental to the exercise of its functions under this Law.

2. In addition, the CBI may take whatever action it deems necessary to: (i) counter money laundering and terrorist financing, and (ii) regulate and supervise lending companies, microfinance companies, and any other non-bank financial institutions not otherwise regulated under Iraqi law.

3. The CBI shall have the power to issue regulations for the purpose of implementing this Law and carrying out its functions under this Law. Regulations issued under this Law, and any subsequent amendments thereto, shall be published in the Official Publication.

4. If the CBI proposes to issue a regulation pursuant to this Law, it shall publish a draft of the proposed text of the regulation in a form and in a manner determined by it to be best calculated to bring the proposed regulation to the attention of the domestic financial sector and the general public. The draft shall be accompanied by an explanation of the purpose of the proposed regulation and a request for comments within a specified time of not less than one month after the date of publication of the draft. The CBI shall have regard to any comment received and issue the final text of the regulation accompanied by an account in general terms of the comments. The procedure set out in this paragraph shall not apply if the CBI determines that the delay involved would be a serious threat to the interests of the financial system or hinder the effective conduct of monetary policy, provided that such decision by the CBI shall be explained in the preamble to the regulation.

5. In carrying out its functions in accordance with the provisions of this Law, the CBI shall have the power to issue legally-binding orders addressed to specified individuals or entities and directing such persons or entities to undertake specific actions which are in accordance with this Law.

6. The CBI shall have the power to issue internal rules or guidelines on the organization and administration of the CBI.

SECTION 2—CAPITAL, RESERVES AND NET PROFITS

Article 5 Capital and reserves

1. The authorized capital of the CBI shall be 100 billion *dinars* and shall be fully paid in by the State in exchange for one hundred percent of the CBI's capital stock.

2. The authorized capital stock of the CBI shall held solely by the State, shall not pay a dividend, and shall not be transferable or subject to encumbrance.

3. The authorized capital may be increased by such amounts as the Minister of Finance may approve upon the recommendation and approval of the Board.

4. The CBI shall hold a general reserve account, an unrealized profits reserve account and such other reserve accounts as may be appropriate under international accounting standards.

Article 6 Computation of profits and losses; allocation of net operating loss

1. Within three months after the end of each financial year, the CBI shall determine in accordance with the rules set out in Articles 7 and 45 its net profits available for distribution or its net losses.

2. If the CBI incurs a net operating loss for any financial year, that loss shall first be charged to the general reserve and subsequently to capital.

Article 7 Treatment of unrealized gains

1. Where unrealized gains for a financial year on assets or liabilities of the CBI that are recorded at fair value or are denominated in foreign currency are included in the net income of the CBI for that year, the net profits of the CBI available for distribution under Article 8 shall be determined as follows:

a. by deducting from the net income the total amount of any unrealized gains included in the net income, and by allocating an equivalent amount to the unrealized profits reserve account; and

b. by deducting from the unrealized profits reserve account and adding to the net profits available for distribution as determined in sub-paragraph (a) the amount of any unrealized gain that was deducted from the net income for one or more previous years and was realized during the financial year.

2. No other deductions shall be made from the unrealized profits reserve except those permitted under this Article.

Article 8 Distribution of net profits

1. Within three months after the end of each financial year, the Board shall distribute the net profits available for distribution as follows:

a. 80 percent of any net profits available for distribution shall be transferred to the general reserve account until such time as the general reserve account of the CBI reaches a sum equal to 10 percent of the total assets of the CBI;

b. any remaining net profits available for distribution shall be transferred to any other reserve account that may be established by the CBI pursuant to paragraph (4) of Article 5.

2. No distribution shall be made out of retained or current income of the CBI, except as permitted by paragraph (1). No distribution of net profits shall include any portion of unrealized gains.

3. No distribution shall be made under paragraph (1) if, as a result thereof, the assets of the CBI would be less than the sum of its liabilities and unimpaired capital and reserves.

Article 9 Coverage of shortfalls in capital

In the event that the audited annual balance sheet of the CBI prepared in accordance with paragraph (3) of Article 45 shows that the value of its assets falls below the sum of its liabilities and unimpaired authorized capital, the Board shall, with the advice of the external auditor of the CBI, assess the situation and prepare a report on the causes and extent of the shortfall. If the Board determines that a capital contribution is required, the Board shall consult with the Minister of Finance and request a capital contribution be made on behalf of the State. Upon the receipt of this request, the Minister of Finance shall, within a period of no more than two months, make a request to the Legislature for the approval of the capital contribution for the CBI over such period and in such amount as is necessary to remedy the shortfall.

SECTION 3—MANAGEMENT

Article 10 Board of Directors and committees

1. The Board shall be responsible for conducting the business, and carrying out the responsibilities of the CBI, as further described in this section.

2. The Board may, as it deems necessary, establish committees composed of members of the Board to consider particular issues and to make recommendations to the Board, and to grant such committees executive authority to take decisions, within guidelines established by the Board.

Article 11 Composition of the Board

The Board shall consist of nine members as follows:

a. the Governor as chairman of the Board;

b. two Deputy Governors;

c. three Senior Managers of the CBI, including Branch Managers on a rotating basis; and

d. three other individuals with suitable monetary, banking or legal expertise and who have not been employed by the CBI in any capacity within one year of the date of their nomination to the Board.

Article 12 Eligibility for appointment and service

1. The Governor, the Deputy Governors and other members of the Board shall be persons of recognized integrity who hold a university degree or who have extensive professional experience in a field related to banking, economics, finance, commerce, or law.

2. A person shall be ineligible for appointment to serve on the Board if, in the judgment of the Appointing Authority:

a. the person is not a citizen of Iraq;

b. the person is not a fit and proper person; or

c. the person, or any person who is related to the person by marriage, blood or kinship, including adopted children or foster children of the person, and any other person residing in such person's household, holds direct or indirect business interests that would make it necessary for that person to refrain, to an unacceptable extent, from taking part in the decision-making of the Board.

3. The Governor, the Deputy Governors and other members of the Board shall not, during their tenure:

a. hold any employment other than with the CBI, whether remunerated or not, except that they may engage in a limited amount of lecturing and other academic activity so long as such activity is not remunerated and does not interfere with the performance of the individual's duties and responsibilities at the CBI;

b. hold any position, other than with the CBI, in public service, except as nominee of the CBI;

c. be a member of the Legislature;

d. be an employee or official of the Government; or

e. be a director, officer, employee or shareholder of any bank or other entity subject to the supervision of the CBI.

Article 13 Appointment and terms of service of Board members

1. The Governor, the Deputy Governors and the other members of the Board shall be nominated by the Appointing Authority and confirmed by the Legislature. The Appointing Authority shall consult with the Governor and his two Deputies with respect to the nomination of Senior Managers as Board Members. All members of the Board shall have a five-year term of office and may be re-appointed upon the recommendation of the Appointing Authority and confirmation by the Legislature, provided that, in order to achieve staggered terms of office, the initial terms of office shall be: (i) for the Governor, five years; (ii) for one Deputy Governor, four years and, for the other Deputy Governor, three years; (iii) for one Senior Manager five years, for another Senior Manager, four years, and for the third Senior Manager, three years; and (iv) for two of the Board Members appointed pursuant to Article 11, paragraph (d), three years, and for the other Board Member appointed pursuant to Article 11, paragraph (d), two years.

2. Any vacancy on the Board shall be filled by the appointment of a new member of the Board to serve the remaining term of the Board member replaced.

3. The Governor shall determine in advance the order in which the Deputy Governors shall succeed the Governor during any period of the Governor's absence or disability.

4. The Appointing Authority shall establish the terms and conditions of service of the members of the Board. When establishing the remuneration for the members of the Board, the Appointing Authority shall be guided by need to attract and retain highly qualified individuals to serve as members of the Board.

5. The remuneration and other terms and conditions of service of a Board member shall not be rendered less favorable during the term of office for which the Board member has been appointed.

Article 14 Resignation and removal of Board members

1. The Governor, a Deputy Governor or any other member of the Board may resign his office after giving at least one month written notice to the Appointing Authority, if such resignation is accepted. If the Appointing Authority does not accept such resignation, the relevant member of the Board may be required by the Appointing Authority to serve not more than three additional months from the date of the member's original resignation notice.

2. The Governor, a Deputy Governor or any other member of the Board shall be removed from office by the Appointing Authority only if the person:

a. has been convicted by a criminal court of an offense for which the person was or could have been sentenced to imprisonment without the option of a fine unless, in the judgment of the Appointing Authority, such sentence was motivated by his religious or political views or activities;

b. has been declared bankrupt by a court of law;

c. has been found guilty by a court of law of conduct involving a lack of probity in financial matters or other serious misconduct;

d. has been disqualified or suspended by a competent authority from practicing a profession on grounds of personal misconduct unrelated to his religious or political views or activities;

e. has been declared unfit to manage a company by a court of law or under an order issued by a competent agency;

f. has taken up any office, position or employment in violation of paragraph (3) of Article 12 or paragraph (3) of Article 21;

g. is suffering from such mental or physical infirmity which , in the opinion of the Appointing Authority, renders him unfit to discharge his duties under this Law;

h. has been found by the Appointing Authority to have violated the provisions of paragraphs (1) or (2) of Article 15; or

i. has been absent from meetings of the Board for a consecutive period or more than three months without approval of the Board.

3. No member of the Board shall be removed from office on any ground specified in paragraph (2) without first being given the opportunity of hearing before the Appointing Authority.

4. Any decision on removal from office under paragraph (2):

a. shall be made public along with a statement of the reasons for removal, and any written response received from the Board member concerned; and

b. may be appealed to the Court of Cassation within two months of service of the decision.

5. Any member of the Board having been removed from office shall continue to receive remuneration and other benefits applicable under the terms and conditions to a member of the Board until such time that any hearing or appeal in the matter, whichever is later, has been decided.

Article 15 Disclosure of interests

1. Each member of the Board shall, upon his appointment and annually thereafter, declare in writing to the Board, in compliance with any instructions that may be issued by the Board, the direct and indirect business interests that he or any person who is related to the Board member by marriage, blood or kinship, to the extent provided by regulation, may hold, and the Board shall submit such declarations for information to the Appointing Authority, the Minister of Finance and to the external auditor.

2. Before a matter concerning a declared interest as mentioned in paragraph (1) is raised for discussion by the Board, the Board member concerned shall again disclose his interest and shall not thereafter participate in any discussion or decision on that matter.

3. For a period of one year immediately following his or her departure from the CBI, no former Governor, Deputy Governor or chief internal auditor shall serve or represent another bank or other entity subject to the supervision of the CBI or deal with the CBI in any way in connection with any matter or issue the former Governor, Deputy Governor, or chief internal auditor worked on or was otherwise involved in while employed by the CBI, without the prior written consent of the Board. The Board may establish the remuneration to be paid to such former Governor, Deputy Governor or chief internal auditor together with any other terms and conditions that shall be applicable during this period. In the event the Board does elect to provide such remuneration, this remuneration shall be automatically reduced by an amount equal to any income the former Governor, Deputy Governor or chief internal auditor may receive from any employment while he or she is receiving the remuneration.

Article 16 Powers and functions of the Board

While observing the primary objective and other objectives set out in Article 3, the Board shall, within the limits set out in this Law:

a. develop and define the primary monetary policy objective;

b. formulate policies to attain the primary monetary policy objective, including the exchange rate policy, limits on open market operations to be conducted by the CBI, policies regarding interest rates for other provisions of funds to the banking sector, and the types and levels of reserves that banks will be required to maintain; except that the Board shall not have the power to enter into a fixed exchange rate regime, such as a monetary union or currency board.

c. decide on the issuance of Iraqi banknotes and coins in accordance with Article 32;

d. issue licenses or permits and adopt procedures to regulate the safety and soundness of banks as further specified in the Banking Law;

e. determine the terms for the provision of services as banker, advisor and fiscal agent to the Government in accordance with Section 4;

f. adopt the rules for payment systems in accordance with Article 39;

g. approve all reports and recommendations that the CBI is to make to the Government or the Legislature;

h. decide on the participation of the CBI in international organizations whose membership is open to central banks;

i. decide whether the CBI will open and maintain an account on its books for a foreign central bank, foreign government or international organization, and also whether the CBI will open and maintain an account in its name on the books of a foreign central bank or international financial organization;

j. decide whether debt securities should be issued by the CBI, and if so, the terms and conditions thereof;

k. determine the categories of assets that shall be suitable for the investment of the foreign exchange reserves and other financial resources of the CBI;

l. determine the terms pursuant to which discount operations may be engaged in by the CBI in accordance with Article 28;

m. approve, with the consent of at least three-fifths of the members of the Board present, each loan or guarantee to be extended to a bank under Article 30;

n. adopt by-laws, internal guidelines and rules applicable to the administration and operation of the CBI, and determine the organizational structure of the CBI, including the locations of any CBI branches;

o. approve procedures to be followed in the CBI’s internal decision-making process;

p. approve systems of internal controls within the CBI;

q. determine the annual budget and the personnel plan of the CBI;

r. approve, issue and publish the annual report and the annual financial statements;

s. adopt all regulations and guidelines of general application to be issued by the CBI; and

t. take action upon any other matter, within the competence of the CBI, responsibility for which is not specifically assigned in this Law to any other person or group.

Article 17 Meetings

The Board shall convene upon the initiative of its chairman or upon the initiative of at least one-third of its members but in any event at least once a month.

Article 18 Quorum

A quorum shall exist for the Board's meetings when at least a majority of its members, including the Governor or, in his absence, a Deputy Governor acting as chairman, are present.

Article 19 Decisions of the Board

1. Board decisions shall be adopted by majority vote of the members present. If the vote is evenly divided, the chairman's vote shall be the deciding vote.

2. Board decisions shall take effect in whatever way and at whatever time as may be directed by the Board as recorded in the minutes of the meeting or, absent such direction, immediately. Any abstentions or dissenting opinions shall be recorded in those minutes.

Article 20 Governor as chief executive

1. The Governor shall, as chief executive of the CBI, be responsible for the implementation of the decisions of the Board. The Governor shall conduct the day-to-day operations of the CBI and may exercise any powers delegated to the Governor by the Board.

2. The Deputy Governors shall assist the Governor in conducting the day-to-day operations of the CBI.

3. The Board may establish provisions regulating the extent to which the Governor may delegate any of his powers to other members of the Board or to senior staff of the CBI, including whether delegation may be made to a single person, or to two persons jointly.

4. The Governor shall appoint and terminate the appointment of the employees, agents and correspondents of the CBI, within the general terms and conditions of the personnel plan and other guidelines, if any, adopted by the Board.

Article 21 Conflicts of interests

1. During their service or employment by the CBI, the Governor, Deputy Governors, other members of the Board, and employees of the CBI shall not receive credit from any bank or other entity subject to the supervision of the CBI, except with the prior approval of the Board. The person to receive such credit shall not participate in any decision by the Board concerning such credit. The Board shall authorize routine borrowings made on market terms from such institutions to enable the borrowers to finance the purchase of a residence for the borrower's own use, to pay for educational or medical expenses, and for other family purposes. The Board may establish internal guidelines specifying relevant criteria for such credits.

2. The Board may establish a facility to provide credits on market terms to the Governor, Deputy Governors, other members of the Board, and employees of the CBI for the purchase of a residence for the borrower's personal use, to pay for educational or medical expenses, and for other family related purposes. The Board shall establish and publish internal guidelines specifying relevant criteria for such credits.

3. While holding office, the Governor, the Deputy Governors, and other members of the Board shall devote the whole of their professional services to the CBI, and none of them shall occupy any other office or employment, whether remunerated or not, except (i) as nominee of the CBI or (ii) a limited amount of lecturing and other academic activity so long as such activity is not remunerated and does not interfere with the performance of the individual's duties and responsibilities at the CBI.

4. No employee of the CBI shall simultaneously have any other employment, whether gainful or not, provided, however, that the Board may establish internal guidelines exempting certain categories of staff positions or certain categories of other employment, such as teaching, from this requirement if the Board is satisfied that no conflict of interest will arise.

5. No Governor, Deputy Governor, other member of the Board, or employee of the CBI shall accept any gift or credit for himself, or on behalf of any person with whom he has family, business or financial connections, if the acceptance thereof would result, or give the appearance of resulting, in diminishing his impartial devotion to his duties to the CBI.

Article 22 Confidentiality and exchange of information

1. No person who serves as Governor, Deputy Governor, other member of the Board, or employee, agent or correspondent of the CBI, shall:

> a. permit access to, disclose or publicize nonpublic information which was obtained in the performance of official duties except when required to do so pursuant to paragraph (2) of this Article, as necessary for the fulfillment of any duty or responsibility imposed by this Law, the Banking Law, or any other relevant legislation; or

b. use such information, or allow such information to be used, for personal gain.

2. The CBI may exchange information on supervisory matters, preferably based on a memorandum of understanding, with central banks and with financial supervisory authorities. The exchange of such information may include confidential information, provided that the CBI has satisfied itself that reasonable steps have been taken to ensure the confidentiality of any such information submitted.

3. The CBI may enter into memoranda of understanding with central banks or with financial supervisory authorities setting out the scope, procedures and further details for the exchange of information.

Article 23 Immunity from legal action

1. No member of the Board, employee or agent of the CBI shall be personally liable in damages for any act or omission taken in the discharge or purported discharge of official functions within the scope of his employment or engagement under this Law.

2. The CBI shall indemnify a member of the Board, employee or agent of the CBI against any legal costs incurred in the defense against legal action brought against such person in connection with the discharge or purported discharge of official functions within the scope of his employment or engagement under this Law, provided that no such indemnification shall apply if such person has been convicted of a crime arising out of the activities that are covered by such legal action.

SECTION 4—RELATIONS WITH THE GOVERNMENT

Article 24 Consultation with the Government

1. The Governor and other representatives of the CBI and officials of the Government shall hold regular meetings to exchange information and opinions on the extent to which monetary and fiscal policies can, each within their own areas of responsibility, be coordinated, and on other matters of mutual interest and responsibility.

2. The Governor and the Deputy Governors may, upon invitation by an official of the Government, attend meetings with the Government at which they may provide, on behalf of the CBI, advice and information within the CBI’s area of competence.

Article 25 Actions on behalf of Government

1. The Government may entrust the CBI with the following:

a. hold the Government’s accounts;

b. engage in and manage, as fiscal agent, domestic and foreign borrowings by the Government;

c. participate with other representatives of the Government or, with the Government's permission, represent the Government in negotiations with foreign countries as well as with international institutions on monetary and financial issues;

d. perform financial operations, at market rates, in relation to deposits, foreign exchange operations or other operations based on payment, clearing or economic agreements arising out of international financial arrangements concluded by the Government with foreign parties, provided that (i) the Government shall bear all financial obligations and liabilities incurred by the CBI with respect to such performance and (ii) the CBI shall not perform any financial operation which involves bearing financial obligations or liabilities (direct or indirect) on behalf of the Government ; and

e. perform, to the extent the Government determines, tasks derived from the State's membership in international, financial and monetary institutions.

2. The CBI shall be remunerated by the Government on a cost recovery basis for carrying out the functions under this Article.

Article 26 Prohibition on lending to the Government

1. The CBI shall not grant any direct or indirect credits to the Government or any other public agency or State-owned entity, except that the CBI may provide liquidity assistance under Article 30 to government-owned commercial banks that are subject to the supervision of the CBI, provided that such assistance is granted on the same terms and conditions as would be extended for the benefit of privately-owned commercial banks.

2. The CBI may purchase government securities provided that such purchases are only made in the secondary market and are only made in connection with market operations.

3. Nothing in this Article 26 shall be construed to prohibit the use of government securities in connection with any aspect of open market operations or as collateral for standing facilities.

SECTION 5—OFFICIAL FOREIGN RESERVES

Article 27 Management of official foreign reserves

The CBI shall conduct transactions in foreign assets and manage all official foreign reserves of the State consistent with international best practices and subject to the objectives of monetary policy. The Board may invest such reserves in any or all of the following assets:

a. monetary gold held in the vaults of the CBI;

b. banknotes and coins in foreign currencies normally used in the making of international payments held by or for the account of the CBI;

c. credit balances that are payable on demand or within a short term in foreign currencies normally used in the making of international payments and that are maintained in accounts of the CBI, or otherwise invested through repurchase agreements, with foreign central banks, international financial organizations or major international banks designated by the Board;

d. special drawing rights held in the account of Iraq in the International Monetary Fund;

e. the reserve position of Iraq in the International Monetary Fund; and

f. any readily-marketable debt securities issued by, or bearing the full faith and credit of, foreign governments, central banks, or international financial institutions, that are paid in foreign currencies normally used in the making of international payments and that are held by or for the account of the CBI.

SECTION 6—MONETARY FUNCTIONS

Article 28 Open market operations and standing facilities

The CBI may, for the achievement of its objectives, (i) perform open market operations with commercial banks that are licensed or hold permits issued by the CBI under the Banking Law or, at the discretion of the CBI and subject to regulations set forth by the CBI, other appropriately licensed financial intermediaries; and (ii) provide standing facilities to commercial banks that are licensed or hold permits issued by the CBI under the Banking Law and subject to regulations set forth by the CBI by:

a. purchasing or selling outright (spot and forward), or under repurchase agreements or other similar financial instruments, debt securities issued by the CBI or by the Government, bearing market yields provided that purchases of debt securities issued by the Government through open market operations shall only be made in the secondary market.

b. purchasing or selling outright (spot and forward) foreign exchange;

c. discounting bills of exchange or promissory notes;

d. making loans fully secured by pledges of collateral; and

e. accepting interest-bearing deposits from banks.

Article 29 Reserve requirements

1. In order to implement the monetary policy of Iraq, the CBI shall, by regulation, require that banks maintain reserves in the form of cash holdings or deposits with the CBI. Such reserves shall be kept at prescribed minimum levels, calculated as the average of end-of-day reserve levels over such time periods as determined by the CBI and which relate to the size, type or maturity of the banks' deposits, borrowed funds and such other liabilities as the CBI may designate. Banks shall not be permitted to operate overdrafts on reserve accounts at any time. These required reserve levels shall be the same for all banks for each category of liabilities and may be remunerated.

2. The CBI may impose on and collect from any bank that fails to maintain required reserves at the minimum levels prescribed in accordance with paragraph (1) a penal interest rate on the shortfall in such bank's required reserves, until the shortfall is corrected.

Article 30 Lender of last resort

In exceptional circumstances, the CBI may, on such terms and conditions as it determines, act as lender of last resort for a bank that is licensed or holds a permit issued by the CBI under the Banking Law. Such support may be provided by granting financial assistance to the bank, or for the bank's benefit, for periods not exceeding three months that may be renewed by the CBI on the basis of a program specifying the measures that the bank concerned will be taking, provided, however, that no such commitment shall be made by the CBI unless:

a. the bank, in the opinion of the CBI, is solvent and provides adequate collateral, and the request for financial assistance is based on the need to improve liquidity; or

b. such assistance is necessary to preserve the stability of the financial system and the Minister of Finance has issued to the CBI a guarantee in writing on behalf of the Government securing the repayment of the loan.

SECTION 7—CURRENCY

Article 31 Unit of currency

The national monetary unit in Iraq shall be the *dinar*.

Article 32 Issuance of currency

1. The CBI shall have the exclusive right to issue banknotes and coins intended for circulation in Iraq. Banknotes issued under this Article shall be a first charge on the assets of the CBI. The CBI shall make appropriate arrangements for the issue of its banknotes and coins as required for circulation in Iraq. Banknotes and coins issued by the CBI and intended

for circulation in Iraq are not promissory notes, bills of exchange, or any other type of commercial document under the applicable commercial law, and the CBI is obligated to honor them only as provided for in this Law.

2. Only banknotes and coins issued by the CBI that have not been demonetized shall be legal tender in Iraq.

3. The CBI may, by regulation, limit the amounts of banknotes and coins that must be accepted as a legal tender in payment for an obligation and restrict the denominations of such banknotes and coins in which payment may be made to specified amounts or a range of amounts.

4. The CBI shall be responsible for the supply of Iraq's banknotes and coins and shall endeavor to maintain the availability of an adequate number of banknotes and coins in all regions at all times.

Article 33 Printing of banknotes and minting of coins; accounting treatment of currency issued

1. The CBI shall determine by regulation the denominations, measures, form, material, content, weights, designs, and other features of banknotes and coins. The plates necessary to print or mint the currency and the intellectual property rights to the designs of the currency shall be the property of the CBI.

2. The CBI shall arrange for the printing of banknotes and the minting of coins, and for the security and safekeeping of banknotes and coins that have not yet been issued.

3. The CBI shall be exclusively responsible for the safe and secure destruction of banknotes and coins and for the custody and destruction, as may be necessary, of plates, dies, and retired banknotes and coins. The CBI shall have the exclusive right to melt coins and to sell the metals derived thereby.

4. Upon request by any individual or entity, the CBI shall exchange, free of charge or commission, banknotes and coins with other banknotes or coins in equivalent amounts.

5. The aggregate amount of circulating banknotes and coins issued by the CBI shall be noted in the financial statements of the CBI as a liability; such liability shall not include banknotes and coins in the currency reserve inventory.

Article 34 Withdrawal of unfit banknotes and coins

1. Banknotes and coins in circulation that are unfit for circulation shall cease to be legal tender. Subject to paragraph (2) of this Article, the CBI shall withdraw, destroy, and replace, with banknotes or coins of an equivalent amount, any banknotes or coins presented to it that are unfit for circulation.

2. The CBI may decline to replace an unfit banknote or coin if its designs are illegible, misshaped or perforated, or if more than fifty percent of its surface has been lost; such a banknote or coin shall be withdrawn and destroyed without indemnity to the owner, unless there is evidence satisfactory to the CBI that the missing portions have been totally destroyed, in which case the CBI may, in its sole and absolute discretion, grant compensation in whole or in part.

3. The CBI shall not be required to provide any compensation for banknotes or coins that were lost, stolen or destroyed; it may confiscate without compensation any banknotes that have been altered in their external appearance, including in particular banknotes that have been written on, painted on, overprinted, stamped or perforated, or to which adhesive matter has been applied.

Article 35 Disposition of Counterfeit Currency

Every person who comes into possession of counterfeit banknotes or coins shall forward to the CBI all such counterfeit banknotes or coins.

Article 36 Redemption of currency

1. The CBI may decide to redeem banknotes or coins by issuing, free of charge, other banknotes or coins in equivalent amounts. A decision to redeem banknotes or coins shall be issued in the form of a regulation of the CBI specifying the period during which the exchange shall take place and the locations and times at which withdrawn banknotes or coins shall be presented for redemption.

2. At the end of the exchange period, or at any other time specified by the CBI, redeemed banknotes and coins shall be demonetized and cease to be legal tender.

3. The CBI shall notify the public, by publication in the Official Publication, of the banknotes and coins that are legal tender.

Article 37 Freedom of currency

Parties to a contract or any other voluntary undertaking or transaction, including a bill, note or instrument or security for money, may denominate a payment obligation in any currency agreed upon. Payment in discharge of any debt or liability arising from a contract or any other voluntary undertaking or transaction, including on a bill, note, instrument or security for money, may be made in any currency agreed upon as the currency of payment. An agreement under this Article may be express or implied from surrounding circumstances including course of dealing, usage of trade, or course of performance.

Article 38 Enforcement of foreign currency obligations

A foreign currency obligation may be enforced according to its terms. When a person obtains an order to enforce an obligation in a foreign currency, the order shall require payment of an amount in the currency of Iraq sufficient to purchase the amount of the obligation in the foreign currency at a bank in Iraq at the close of business on the first day on which the bank quotes a *dinar* rate for purchase of the foreign currency before the day payment of the obligation is due to be received by the creditor, provided, however, that if the court determines that such method would, under the circumstances, be inequitable, it shall select a method of conversion that is equitable.

SECTION 8—OTHER FUNCTIONS

Article 39 Payment systems

1. The CBI shall establish and maintain or promote the establishment and maintenance of sound and efficient systems for the clearing and settlement of payment transactions in accordance with international standards and best practices.

2. The CBI shall be exclusively responsible for the regulation, registration, licensing, and supervision of payment systems operated by parties other than the CBI.

3. In connection with its supervision of payment systems and payment system operators, the CBI may by regulation:

a. require the registration or licensing of any payment system or payment system operator; and

b. require any payment system or payment system operator to observe such safe and sound conditions and requirements as may be established by the CBI, including those designed to facilitate supervision of such operators by the CBI and to preserve the safety of the assets entrusted by the public to their care.

4. The CBI shall be authorized to take such action as it deems necessary to carry out the tasks described in paragraph (1), including promoting, organizing, participating in and operating payment systems and establishing the applicable charges.

5. The CBI may make arrangements to facilitate:

a. the integration of its payment system and related arrangements with other payment systems;

b. the development of new methods and technologies for payments in domestic or foreign currencies; and

c. the design and periodic modification of a plan for the evolution of the national payment system of Iraq.

Article 40 Supervision of Banks

The CBI shall have the exclusive authority to take all such actions as may be necessary: to license, regulate and supervise banks and their subsidiaries to obtain compliance with this Law and in the Banking Law, including the authority to conduct off-site surveillance and on-site examinations of licensees and their subsidiaries in the manner and at the times chosen by the CBI; to require banks and their subsidiaries to provide all such information as the CBI may request regarding the affairs of a bank, its subsidiaries, and their customers; and to take remedial action, as provided in this Law and in the Banking Law, to enforce compliance by licensees and their subsidiaries with such laws and with any regulations, prudential standards, guidelines or directives issued by the CBI in connection with its implementation of such laws. Actions by an entity of the Government other than the CBI to regulate the lending and credit activities of banks are without legal force.

Article 41 Compilation and publication of financial statistics

1. At the request of the CBI, banks and any other entities supervised by the CBI according to this Law or the Banking Law shall provide the CBI with such information or data as the CBI determines necessary to:

a. follow developments in foreign exchange, credit, deposit, money and capital markets;

b. establish and publish monetary statistics;

c. establish and publish balance of payments statistics;

d. collect and compile financial data that reflect the risk positions of banks or any other entities supervised by the CBI; and

e. compile and, provided that no confidential business relationship is thereby disclosed, publish any other financial statistics.

2. In carrying out its responsibilities as specified in this Law and other legislation, the CBI shall endeavor to develop and implement policies consistent with international standards and best practices for central banks.

Article 42 Unlicensed persons

1. The CBI shall be empowered, upon obtaining a warrant from the appropriate authorities, to enter the offices and to examine the accounts, books, documents and other records of any

person if the CBI determines that there are reasonable grounds to suspect that such person engages in an activity that is subject to the jurisdiction of the CBI without the appropriate license, permit or registration from the CBI even though such license, permit or registration is required by law or is an activity otherwise contrary to this Law; upon request of the CBI, law enforcement officials shall, if necessary by force, assist the CBI to gain access to the premises of such persons and to examine the accounts, books and other records of such person.

2. If the CBI determines that a person engages in an activity without the appropriate license, permit or registration issued by the CBI when such license, permit or registration issued by the CBI is required by law, the CBI shall serve an order directing that person promptly to cease such activity. The order shall be accompanied by a statement describing the facts and law supporting the existence of a violation, and shall request such person to provide a written response within three days after the date of service of such order. If, after a review of any such response and, in any event, within one calendar week from the date of service of its order, the CBI determines that the activity has not ceased, the CBI may impose administrative penalties on such person, the amount of which shall be established pursuant to paragraphs (2) and (3) of Article 62.

SECTION 9—MISCELLANEOUS

Article 43 Ownership of property

1. The CBI may acquire such movable and immovable properties and equipment as may be required to carry out its functions.

2. Notwithstanding the limitations of paragraph (1), the CBI may, in order to protect, secure or collect a claim, acquire all types of property. Such property shall be sold as soon as possible, consistent with the CBI's interest in minimizing losses and, in any case, not later than at a date at which such disposition may occur without incurring a loss.

Article 44 Exemption from certain taxes

1. The CBI shall be exempted from the following taxes and duties:

a. taxes on income or profits of the CBI;

b. personal property taxes on assets of the CBI;

c. taxes on transfers of funds and other financial transactions;

d. taxes in the form of stamp duties on issuance of the CBI's securities and banknotes;

e. customs duties, import duties, sales taxes, value added taxes on imports of gold, banknotes, and coins to be delivered to the CBI; and

f. sales tax on domestic supplies of gold, banknotes, and coins to the CBI.

2. The CBI shall be liable for property taxes on immovable property only if, as a general rule, Government ministries are liable for such taxes and duties on the immovable property in their ownership or use.

3. The CBI shall be liable for any other taxes or duties, except as otherwise stipulated in the specific laws regulating such taxes or duties.

SECTION 10—FINANCIAL STATEMENTS AND AUDIT

Article 45 Books and records; financial statements and reports

1. The Board shall at all times ensure that the books and records of the CBI, including its financial statements, are prepared and maintained in conformity with internationally-accepted accounting standards.

2. The CBI shall, as soon as possible after the end of each month, prepare and publish in the Official Publication and on its official Internet website balance sheets showing the condition of the CBI as of the close of business on the last business day of the month that has just ended.

3. The CBI shall, within three months after the end of each financial year, prepare annual financial statements that shall ensure a correct and complete reporting in a transparent manner of the CBI's financial status.

4. The Board shall, within three months after the end of each financial year, submit to the Appointing Authority, with copies to the Minister of Finance and to the Legislature:

a. the annual financial statements of the CBI, approved by the Board, signed by the Governor and certified by the external auditor, together with any reports or remarks that the external auditor may wish to make; and

b. a report on the CBI's operations during the financial year that has just ended, in particular in relation to its monetary policy objectives and events that affected the economy of Iraq. This report should also include a statement regarding the CBI's outlook for the economy for the coming year with emphasis on monetary policy issues. In its review of policy developments, the report shall include: (i) a review of the policies and measures adopted by the Board during the year and an analysis of the economic and financial circumstances which prompted those policies and measures; (ii) a discussion of the condition of the financial system of Iraq with special emphasis on the banking and payment systems; and (iii) the texts of the major legal enactments and administrative measures adopted by the Government and the CBI during the year

which relate to the functions or operations of the CBI and of banks and other financial institutions operating in Iraq.

5. The CBI shall publish the audited annual financial statements in the Official Publication and on its website. The reports referred to in paragraph (4) shall be published.

6. The CBI shall, on a quarterly basis, publish reports on monetary policy and financial stability that provide information on developments in the current year, including events that affect the economy of Iraq as described in paragraph (4), sub-paragraph (b).

7. The Governor shall report on the CBI's operations and its monetary policy objectives, including events that affect the economy of Iraq as described in paragraph (4), subparagraph (b), to the Legislature no less than once a year.

Article 46 Internal audit

The CBI's internal audit department, headed by the chief internal auditor, shall perform internal audit functions which shall include the following:

a. the review and recommendation to the Board of procedures and practices for proper risk management and, thereafter, the supervision of their implementation on a continuing basis;

b. the performance of periodic audits of the administration and operations of the CBI to ensure proper observance of laws applicable to the CBI and of decisions of the Board;

c. the review of the periodic financial statements referred to in Article 44, paragraphs (2) and (3), and related documents of the CBI;

d. the preparation and delivery to the Board, whenever deemed appropriate by the Board and at least once every quarter, of reports and recommendations regarding the financial statements and records, the budgetary and accounting procedures, the risk management and other controls within the CBI, the efficiency and cost effectiveness at which the CBI operates, and any other matter within its competence and area of responsibilities on which a report may be requested by the Board; and

e. any other assignment that may be given to the internal audit department by the Board, provided that such assignments do not disrupt its principal task set forth herein.

Article 47 Chief internal auditor

1. The chief internal auditor shall be appointed by the Board for a term of five years, and shall be selected from among that pool of distinguished candidates comprised of persons with

extensive professional experience in the field of accounting or audit appropriate to prepare them for the responsibilities of the position. The chief internal auditor may be reappointed.

2. The chief internal auditor, as head of the internal audit department, shall be responsible to the Board for the proper discharge of the functions of the internal audit department.

3. The salary and other employment benefits of the chief internal auditor shall be commensurate with those received by persons in equivalent positions in commercial banks and other financial institutions and shall be determined by the Board.

4. The chief internal auditor may resign from office after giving not less than three months' written notice to the Board and shall be subject to the provisions of Article 15(3).

Article 48 External audit

1. The financial statements of the CBI shall be audited in accordance with international standards on auditing at least once a year by a reputable external audit firm with recognized experience in the auditing of central banks and major international financial institutions.

2. The external audit firm shall be appointed annually by the Minister of Finance. No external audit firm shall be appointed consecutively for a cumulative period exceeding five years.

3. The CBI shall provide the external auditor with such assistance as the external auditor may require and the external auditor shall have access, upon request, to all accounts, books, minutes, records, and other documents or written or oral information or data.

4. The Minister of Finance shall determine the compensation to be paid to the external auditor, taking into consideration the size and nature of the task normally to be performed. Such compensation shall be included as expenses in the budget of the CBI and borne by the CBI.

5. The CBI shall be subject to audit by the Board of Supreme Audit.

SECTION 11—CRIMINAL OFFENSES

Article 49 Interpretation

In this section:

"*banknote*" includes any instrument intended to be used as money or as the equivalent of money, immediately on issue or at some time subsequent thereto, issued under lawful authority in Iraq or elsewhere;

"*counterfeit money*" includes

a. false coin or false paper money that resembles or is apparently intended to resemble or pass for a current coin or current paper money,

b. a forged banknote or forged blank banknote, whether complete or incomplete,

c. a genuine coin or genuine paper money that is prepared or altered to resemble or pass for a current coin or current paper money of a higher denomination, including an instrument prepared by placing or connecting together different parts of two or more banknotes or other genuine instruments,

d. a current coin from which the milling is removed by filing or cutting the edges and on which new milling is made to restore its appearance,

e. a coin cased with gold, silver or nickel, as the case may be, that is intended to resemble or pass for a current gold, silver or nickel coin, and

f. a coin or a piece of metal or mixed metals that is washed or colored by any means with a wash or material capable of producing the appearance of gold, silver or nickel and that is intended to resemble or pass for a current gold, silver or nickel coin;

"*counterfeit token of value*" means a counterfeit excise stamp, postage stamp or other evidence of value, by whatever technical, trivial or deceptive designation it may be described, and includes genuine coin or paper money that has no value as money;

"*current*" means lawfully in use in Iraq or elsewhere by virtue of a law in force in Iraq or elsewhere as the case may be;

"*utter*" includes sell, pay, tender and put off.

Article 50 Making

Each person who makes or begins to make counterfeit money is guilty of an indictable offense and liable to a fine not exceeding fifty million *dinars* or to imprisonment for a term not exceeding five years or to both.

Article 51 Possession

Each person who, knowingly and with intent to defraud

a. buys, receives or offers to buy or receive,

b. has in his custody or possession, or

c. introduces into Iraq,

counterfeit money is guilty of an indictable offense and liable to a fine not exceeding fifty million *dinars* or to imprisonment for a term not exceeding five years or to both.

Article 52 Uttering

1. Each person who, knowingly and with intent to defraud

a. utters or offers to utter counterfeit money or uses counterfeit money as if it were genuine, or

b. exports, sends or takes counterfeit money out of Iraq,

is guilty of an indictable offense and liable to a fine not exceeding one hundred million *dinars* or to imprisonment for a term not exceeding ten years or to both.

2. Each person who, with intent to defraud, knowingly utters

a. a coin that is not current, or

b. a piece of metal or mixed metals that resembles in size, figure or color a current coin for which it is uttered,

is guilty of an indictable offense and liable to a fine not exceeding fifty million *dinars* or to imprisonment for a term not exceeding five years or to both.

Article 53 Slugs and tokens

Each person who, knowingly and with intent to defraud

a. manufactures, produces or sells, or

b. has in his possession

anything that is intended to be fraudulently used in substitution for a coin or token of value that any coin or token-operated device is designed to receive is guilty of an offense and liable to a fine not exceeding twenty-five million *dinars* or to imprisonment for a term not exceeding two years or to both.

Article 54 Defacing

Each person who

a. defaces a current coin,

b. utters a current coin that has been defaced,

c. without the authority of the CBI defaces any banknote by printing, stamping or by any like means impressing on it any words, letters or figures, or

d. utters a current banknote that has been defaced contrary to sub-paragraph (c),

is guilty of an offense punishable on summary conviction and liable to a fine not exceeding one million *dinars* or to imprisonment for a term not exceeding six months or to both.

Article 55 Likeness of banknotes

1. No person shall make, publish, print, execute, issue, distribute or circulate, including by electronic or computer-assisted means, anything in the likeness of

a. a current banknote, or

b. an obligation or a security of a government or bank.

2. Paragraph (1) does not apply to:

a. the CBI or its employees when they are carrying out their duties under Section 7 of this Law;

b. the police or its members or employees when they are carrying out their duties to prevent and investigate any violation of this Law; or

c. any person acting under a contract or license from the CBI or the police in connection with the duties described in (a) and (b) of this paragraph 2.

3. A person who contravenes paragraph (1) is guilty of an offense punishable on summary conviction and liable to a fine not exceeding one million *dinars* or to imprisonment for a term not exceeding six months or to both.

4. No person shall be convicted of an offense under paragraph (3) in relation to the printed likeness of a banknote issued by the CBI if it is established that the length or width of the likeness is less than three-fourths or greater than one-and-one-half times the length or width, as the case may be, of the banknote and

a. the likeness is in black-and-white only, or

b. the likeness of the banknote appears on only one side of the likeness.

Article 56 Instruments or materials

Each person who knowingly

a. makes or repairs,

b. begins or proceeds to make or repair,

c. buys or sells, or

d. has in his custody or possession,

any machine, engine, tool, instrument, material or thing that he knows has been used or that he knows is adapted and intended for use in making counterfeit money or counterfeit tokens of value is guilty of an indictable offense and liable to a fine not exceeding fifty million *dinars* or to imprisonment for a term not exceeding five years or to both.

Article 57 Conveying instruments for coining out of mint

Each person who, without lawful justification or excuse, the proof of which lies on him, conveys out of any mint licensed or authorized to mint coins in Iraq,

a. any machine, engine, tool, instrument, material or thing used or employed in connection with the manufacture of coins,

b. a useful part of anything mentioned in sub-paragraph (a), or

c. coin, bullion, metal or a mixture of metals,

is guilty of an indictable offense and liable to a fine not exceeding fifty million *dinars* or to imprisonment for a term not exceeding five years or to both .

Article 58 Advertising and trafficking

1. Each person who knowingly

a. by an advertisement or any other writing, offers to sell, procure or dispose of counterfeit money or counterfeit tokens of value or to give information with respect to the manner in which or the means by which counterfeit money or counterfeit tokens of value may be sold, procured or disposed of, or

b. purchases, obtains, negotiates or otherwise deals with counterfeit tokens of value, or offers to negotiate with a view to purchasing or obtaining them,

is guilty of an indictable offense and liable to a fine not exceeding fifty million *dinars* or to imprisonment for a term not exceeding five years or to both.

2. No person shall be convicted of an offense under paragraph (1) in respect of genuine coin or genuine paper money that has no value as money unless, at the time when the offense is alleged to have been committed, the person knew that the coin or paper money had no value as money and the person had a fraudulent intent in his dealings with or with respect to the coin or paper money.

Article 59 Special provisions as to proof

1. Every offense relating to counterfeit money or counterfeit tokens of value shall be deemed to be complete notwithstanding that the money or tokens of value in respect of which the proceedings are taken are not finished or perfected or do not copy exactly the money or tokens of value that they are apparently intended to resemble or for which they are apparently intended to pass.

2. In any proceedings under this section, a certificate signed by a person designated as an examiner of counterfeit by the CBI, stating that any coin, paper money or banknote described therein is counterfeit money or that any coin, paper money or banknote described therein is genuine and is or is not, as the case may be, current in Iraq or elsewhere, is evidence of the statements contained in the certificate without proof of the signature or official character of the person appearing to have signed the certificate.

3. A party against whom a certificate described in paragraph (2) is produced may, with leave of the court, require the attendance of the examiner of counterfeit designated by the CBI, for the purposes of cross-examination. No certificate shall be received in evidence pursuant to paragraph (2) unless the party intending to produce it has, before the trial, given to the other party reasonable notice of his intention and a copy of the certificate.

Article 60 Unauthorized issue of banknotes, coins, instruments, tokens

Each person who issues

a. a banknote or coin in violation of paragraph (1) of Article 32, or

b. any other instrument or token intended for circulation in Iraq as money other than as authorized by this section,

is guilty of an indictable offense and liable to imprisonment for a term not exceeding ten years.

Article 61 Forfeiture

1. Counterfeit money, counterfeit tokens of value and anything that is used or is intended to be used to make counterfeit money or counterfeit tokens of value belong to the Government.

2. A police officer may seize and detain:

a. counterfeit money;

b. counterfeit tokens of value; and

c. machines, engines, tools, instruments, materials or things that have been used or that have been adapted and are intended for use in making counterfeit money or counterfeit tokens of value, and anything seized shall be sent to the CBI to be disposed of or dealt with as he may direct, but anything that is required as evidence in any proceedings shall not be sent to the CBI until it is no longer required in those proceedings.

3. For the purpose of this Article, a banknote or coin issued in violation of Article 32(1), or any other instrument or token intended for circulation in Iraq as money other than as authorized by this section, is to be treated as counterfeit money or token for value.

Article 62 Administrative penalties

1. The CBI shall be authorized to enforce compliance with this Law, the Banking Law, and with all regulations and orders issued by the CBI under those laws, through the imposition of administrative penalties upon licensees, officers, directors and agents of licensees; and upon persons who, though not licensees, or officers, directors or agents of licensees, are required to take action, or to refrain from taking action, by this Law, the Banking Law, or by regulations or orders issued by the CBI under those laws.

2. Penalties as described in this Article are civil, not criminal, in nature, and may be imposed directly by the CBI. Administrative penalties may be imposed, at the discretion of the CBI, in amounts that range up to ten million *dinars* per violation; and, at the discretion of the CBI, they may be imposed on a daily basis for each day that the violation continues until the CBI determines that compliance is achieved. The CBI shall, before imposing administrative penalties, provide a detailed statement to the person against whom the penalty is to be imposed describing the facts and law supporting the existence of a violation, and shall give such person a full opportunity to provide facts and arguments as to why the penalty should not be imposed. The CBI shall issue regulations setting forth the procedures it will use in connection with its imposition of administrative penalties.

3. In determining whether to impose administrative penalties, and in determining the amount of such penalties, the CBI shall take into consideration: the severity of the violation; whether it was recurring; whether depositors or other persons were injured thereby; whether the

person against whom the penalty is to be imposed profited from the conduct at issue; the financial resources of such person; any mitigating factors; and such other factors as, in its discretion, it believes to be relevant.

4. The imposition by the CBI of administrative penalties stipulated in this Article shall not bar any civil or criminal accountability under the provisions of any law.

SECTION 12—FINANCIAL SERVICES TRIBUNAL

Article 63 Establishment and jurisdiction of Tribunal

1. There is hereby established a tribunal to be known as the Financial Services Tribunal which shall have jurisdiction to review the following decisions and orders of the CBI:

a. rejecting an application for a banking license or permit, attaching a condition or restriction to a license or permit, or revoking a license or permit under the Banking Law or this Law;

b. imposing enforcement measures or administrative penalties under the Banking Law or this Law;

c. enjoining a person engaged in an activity requiring a license or permit from engaging in such activity without such a license or permit issued by the CBI pursuant to paragraph (2) of Article 42 of this Law;

d. extending the term of a conservator;

e. taking any action provided for in Sections 11 through 14 of the Banking Law with respect to which an appeal to the Tribunal is provided therein; and

f. regarding any other matter as specified by the law.

2. The Tribunal shall also have jurisdiction to review actions taken by a conservator or receiver under Sections 11 through 14 of the Banking Law. Such review shall be limited to a determination as to whether the action of the conservator or receiver was taken in a manner that exceeded the authority granted to such conservator or receiver under the Banking Law.

3. The Tribunal shall also have jurisdiction to adjudicate any dispute between banks and between financial institutions that is referred to the Tribunal pursuant to a written agreement between the parties to the dispute, which agreement may provide either that an appeal of the Tribunal's decision may be taken to the Court of Appeal or that no appeal shall be permitted.

4. The Tribunal shall not have jurisdiction to review the CBI's decisions or actions with respect to developing and implementing monetary policy, including exchange rate policy.

5. The jurisdiction of the Tribunal shall be exclusive of the jurisdiction of any other tribunal or court of law.

6. Unless otherwise determined by the Tribunal, decisions and orders by the CBI shall, notwithstanding the filing of an appeal, remain in full force and effect until a final decision on review by the Tribunal annuls the decision or order, or until the decision or order is modified by the CBI, or until the decision or order terminates pursuant to its terms, or pursuant to a decision of the CBI, or pursuant to a provision of law.

7. The Tribunal shall not have jurisdiction over any violation of law which is punishable by imprisonment. The Tribunal shall refer any such matter to the Minister of Justice.

Article 64 Composition of Tribunal

1. The Tribunal shall be composed of one or more panels of three to five judges and shall be headed by a chief judge. The Minister of Justice shall appoint a judge of the Tribunal to serve as the chief judge of the Tribunal. The chief judge shall form one or more panels of judges, as the caseload of the Tribunal may require, by selecting judges from the pool of judges to be formed as described in paragraph (2) of this Article.

2. The pool of judges shall initially be comprised of five judges, three of whom shall be appointed by the Minister of Justice and shall be lawyers with professional experience as judges, practicing attorneys or professors of administrative, civil or commercial law. The other two judges in the pool of judges shall be appointed by the Minister of Finance; one of these shall be an experienced accountant by profession, while the other shall have extensive professional experience in financial transactions.

3. In selecting judges for a panel, the chief judge shall attempt to harmonize the qualifications of the members of particular panels to the needs of the specific cases to be resolved by those panels. On each panel, the chief judge shall designate a judge with legal training to serve as its presiding judge to preside over the discharge of the functions of the panel.

4. Judges in the pool of judges may serve on a full-time or part-time basis, as, in the judgment of the chief judge, the caseload of the Tribunal requires. If the chief judge determines that the pool of judges must be expanded in order to resolve the Tribunal's caseload within a reasonable period of time, the chief judge shall submit a request to the Ministers of Justice and of Finance to increase the pool of judges through the appointment of additional judges.

5. No person shall be eligible to serve as a judge on the Tribunal and, if appointed, the person shall be removed from the Tribunal by a decision of the Minister of Justice, if the person, in the judgment of the Minister of Justice:

a. is not a citizen of Iraq;

b. is not a fit and proper person;

c. is also serving as an officer or a full-time or part-time employee or consultant, with or without remuneration, of a bank or other entity subject to the supervision of the CBI;

d. is also serving as a member of the Board or full-time or part-time employee or consultant of the CBI;

e. is also a member of the Legislature;

f. is also serving as a Minister, Deputy Minister or other high ranking official of the State;

g. has been or is declared bankrupt or unable to pay his debts as they fall due by a court decision;

h. is, or would be, unable to perform the functions of this office because of an infirmity of body or mind that has lasted for more than six months;

i. has been engaged in a significant violation of the law or in serious misconduct in office, or has actively participated in political activities, diminishing or giving the appearance of diminishing the reputation of the Tribunal as an independent and impartial judicial institution; or

j. the person, or any person who is related by marriage, blood or kinship, including adopted children or foster children of the person, and any other person residing in such person's household, hold direct or indirect business interests that would make it necessary for that person to refrain, to an unacceptable extent, from taking part in the decision-making of the Tribunal.

6. Judges of the Tribunal shall be appointed for a ten-year term of office and may be reappointed; however, upon giving written notice to the Minister of Justice, a judge may resign at any time. The Minister of Justice shall specify by regulation the remuneration and other benefits of the judges of the Tribunal.

7. No judge shall be removed from the Tribunal on any ground other than as stated in paragraph (5) and no judge shall be removed from the Tribunal before a hearing has been held by the Minister of Justice at which such judge or his legal representative has been afforded a reasonable opportunity to present his views.

Article 65 Administration of Tribunal

1. The Minister of Justice shall be responsible for the organization of the Tribunal and for the supervision of its administration.

2. The chief judge of the Tribunal shall be directly responsible for the administration of the Tribunal. He shall be assisted by a staff including a clerk of the Tribunal, an administrator of the Tribunal, and an accountant of the Tribunal. The staff of the Tribunal shall be appointed by the Minister of Justice, and shall have such duties and serve on such terms and conditions as may be specified by the Minister of Justice.

3. No person shall be liable in damages for an act done as chief judge or judge of the Tribunal, except that, if such person shall be convicted of a crime on account of such act, the person may be held liable in a civil proceeding for damages caused by that criminal act.

4. Each judge shall, upon first becoming a judge of the Tribunal and annually thereafter, disclose in full to the Minister of Justice the significant commercial interests which he or members of his household have, directly or indirectly. Whenever any case before a panel of the Tribunal is related to a significant commercial interest held by a judge or members of his household, directly or indirectly, the judge shall disclose his interest to the panel, recuse himself, and be replaced by another judge. Any failure to do so shall be deemed to be a significant violation of law constituting grounds for removal under, and following the procedures provided by paragraph (5) of Article 64.

5. No judge of the Tribunal and no member of its staff shall accept any gift or credit for himself, or on behalf of any person with whom he has family, business or financial connections, if the acceptance thereof would diminish, or give the appearance of diminishing, the reputation of the Tribunal as an independent and impartial judicial institution.

6. No person who serves as a judge or as a member of the staff of the Tribunal shall:

> a. permit access to, disclose or publicize nonpublic information which was obtained in the performance of official duties, except when required to do so by any court of law or as necessary for the fulfillment of any duty or responsibility imposed by this Law, the Banking Law, or any other relevant legislation; or
>
> b. use such information, or allow such information to be used, for personal gain.

7. Failure to observe the provisions of paragraph (6) shall be considered a significant violation of law for purposes of paragraph (5), sub-paragraph (i) of Article 64.

Article 66 Authority of Minister of Justice

The Minister of Justice shall, by regulation: (i) make rules governing the place or places where the Tribunal shall sit; (ii) make rules governing the proceedings of the Tribunal; (iii)

make rules governing directions the chief judge of the Tribunal may give to panels of the Tribunal concerning procedures to be followed in individual cases; and (iv) specify the circumstances under which hearings of the Tribunal, for exceptional reasons, shall not be open to the public.

Article 67 Evidence

1. The Tribunal may, by summons, require any person to attend, at such time and place as is specified in the summons, to give testimony or to produce documents in his custody or control which the Tribunal considers it necessary to examine.

2. Each person who, without lawful justification or excuse,

> a. refuses or fails to attend a session of the Tribunal following the issue of a summons by the Tribunal, or to give evidence, or
>
> b. alters, suppresses, conceals or destroys, or refuses to produce, a document which he may be required to produce for the purposes of proceedings before the Tribunal,

is guilty of an indictable offense and liable to a fine not exceeding twenty-five million *dinars* or imprisonment for a term not exceeding two years or to both.

3. A person accused of violating Paragraph 2 of this Article bears the burden of proving lawful justification or excuse.

Article 68 Decisions of the Tribunal

1. Decisions of the Tribunal shall be taken by a majority of the judges on a panel. Decisions must be recorded in a document which states the reasons for the decision and is signed by the presiding judge of the panel dealing with the case addressed by the decision. The Tribunal must, as soon as is reasonably practicable, notify each party of the decision by sending each party a copy of the decision.

2. Decisions of the Tribunal may award expenses, damages and interest. Decisions shall take effect on the day specified in the decision or, if no effective date is specified, it shall take effect one week from the date of notification of the parties.

3. Decisions of the Tribunal shall be enforced as other court decisions.

Article 69 Procedure for review by Tribunal

1. An application for review of a decision or order of the CBI or an act of a conservator or receiver must be made by a written request submitted to the Tribunal by one or more parties aggrieved by the decision, order or act. The request must be filed within thirty days following the date of the decision, order or act or within such shorter period of time as is specified by

law. Upon receipt of the request, the clerk of the Tribunal shall send a copy of the request to the CBI and other interested parties and shall notify the parties to attend every hearing of the panel dealing with the request.

2. Decisions and orders of the CBI shall remain in full force and effect until: (i) a final decision on review by the Tribunal annuls the order or decision; (ii) the decision or order is modified by the CBI acting on remand from the Tribunal; or (iii) the decision or order terminates pursuant to its terms; provided, however, that the Tribunal may suspend such order or decision of the CBI prior to reaching a final decision either on the basis of a finding that there is a substantial likelihood that the aggrieved party will prevail in the case before it, or in exceptional circumstances where the immediate application of the decision or order would cause undue hardship or irreparable harm.

3. Notwithstanding any other provision in this section, in any case brought with respect to a decision, order or action adopted or taken by a conservator, receiver, the CBI, the Minister of Finance or the State under Sections 11 through 14 of the Banking Law, the Tribunal, or other appropriate court, may only award monetary damages, expenses and interest and shall not annul, remand, suspend, enjoin, terminate or bar such decision, order or action, except with respect to a decision by the Tribunal regarding the removal of a conservator under Article 63 of the Banking Law.

4. The Tribunal may annul or remand to the CBI for further consideration an order or decision of the CBI, or award of monetary damages, expenses and interest with respect to a decision or order of the CBI only on one or more of the following grounds:

a. in taking the decision or issuing the order, the CBI exceeded or abused its authority;

b. the procedures followed by the CBI in reaching its decision or order were materially inconsistent with the procedures prescribed by law in a manner which resulted in substantially prejudicing the rights, obligations or interests of an aggrieved party; or

c. the decision was adopted in an arbitrary and capricious manner.

5. The Tribunal shall give great weight to the evidence presented to the CBI and to the CBI's resolution of issues arising under any laws it is charged with the responsibility to administer.

6. Decisions and orders of the CBI that were remanded by the Tribunal to the CBI for further consideration and that are not modified or terminated by the final date specified by the Tribunal in its order of remand shall terminate on that date.

Article 70 Appeals

1. Final orders and decisions of the Tribunal shall be subject to appeal to the Court of Appeal.

2. A party to a decision rendered by the Tribunal pursuant to Articles 63 and 68 may appeal to the Court of Appeal; unless otherwise determined by the Court of Appeal, the decision, pending the conclusion of the appeal, shall remain in full force and effect.

3. The Court of Appeal may, upon appeal, remand or annul a decision of the Tribunal on one or more of the following grounds:

a. the Tribunal lacks jurisdiction;

b. the decision of the Tribunal is not supported by substantial evidence, or is predicated on false evidence, including false testimony and documents that are false, falsified or materially tampered with;

c. in cases involving paragraph (3) of Article 63, where the agreement referred to therein permits appeal, the decision of the Tribunal exceeds the scope of the agreement on which the jurisdiction of the Tribunal is based, or fails to address all or part of a dispute referred to the Tribunal; or

d. is otherwise contrary to law.

4. The appeal must be instituted within 30 days from the date of notification of the decision, except that, for the grounds described in paragraph (3), sub-paragraph (b) this period shall begin not earlier than the day of discovery of documents offering *prima facie* proof of false evidence, fraud or deception.

SECTION 14—FINAL PROVISIONS

Article 71 Precedence over inconsistent laws

Any provision of law that was enacted prior to the effective date of this Law and which is inconsistent with this Law shall be superceded by this Law.

Article 72 Immunity from prejudgment attachment

No attachment or execution shall be issued against the CBI or its property, including gold, special drawing rights, currency, credits, deposits or securities, and any proceeds thereof, before the issuance of final judgment in any legal action brought before the Tribunal or in the courts of Iraq.

Article 73 Repeal

The Central Bank of Iraq Law No. 64 of 1976, as amended, shall be repealed when this Law comes into effect.

Article 74 Entry into force

This Law shall enter into force on March 1, 2004.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 57

IRAQI INSPECTORS GENERAL

Pursuant to my authority as Administrator of the Coalition Provisional Authority, and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511,

Noting that the former regime fostered inefficiency and corruption in Iraqi governmental institutions, and that a concerted effort is needed to restore public trust and confidence in these institutions,

Acknowledging that ministers need a corps of qualified, objective professionals dedicated to improving ministry performance and eliminating fraud, waste and abuse of authority,

Emphasizing that to be effective, the corps of professionals referred to above requires strong leadership, significant independence, adequate resources, and specified authorities and powers,

Determined to improve the efficiency, effectiveness and integrity of the Iraqi ministries, and to restore public trust and confidence in government,

I hereby promulgate the following:

Section 1
Purpose

This Order establishes an effective program of audit, investigation and performance review to provide increased accountability, integrity and oversight of the ministries and to prevent, deter and identify waste, fraud, abuse of authority and illegal acts. It establishes independent Offices of Inspectors General to conduct investigations, audits, evaluations, inspections and other reviews in accordance with generally accepted professional standards.

Section 2
Establishment

1) There is hereby established within each Iraqi ministry an Office of Inspector General to be headed by an Inspector General.

2) The initial Inspector General in each ministry shall be appointed to a 5-year term by the Administrator. Any Inspector General vacancy that occurs before the sovereign transitional Iraqi administration's assumption of full governance authority shall be filled pursuant to the same procedure.

3) After the assumption of full governance authority by the sovereign transitional Iraqi administration, Inspectors General shall be appointed to vacant positions by the chief executive of the transitional Iraqi administration, subject to confirmation by majority vote of the body vested with national legislative powers.

4) Inspectors General shall be selected without regard to political affiliation (consistent with applicable de-Baathification policy) and on the basis of integrity, capability for strong leadership, and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, investigation, criminal justice administration, or other closely related fields. In addition, the Inspector General should possess demonstrated knowledge, skills, abilities and experience in conducting audits and investigations.

5) Inspectors General shall be appointed for a term of five years, which term may be renewed for additional 5-year period(s) at the discretion of the chief executive of the transitional Iraqi administration, subject to confirmation by majority vote of the body vested with national legislative powers.

Section 3
Reporting and Independence

1) Inspectors General shall report directly to the relevant minister and shall respond to requests or inquiries submitted by the Coalition Provisional Authority (or the body of the Iraqi administration vested with national legislative powers). In cases involving allegations of misconduct by the relevant minister, an Inspector General shall report to the Administrator (or to the Commissioner on Public Integrity, upon the transitional Iraqi administration's assumption of full governance authority in Iraq).

2) No individual or organization shall attempt to prevent, impair, or deter an Inspector General from taking authorized actions necessary to initiate, carry out, or complete any audit, investigation or review or from obtaining documents relevant to any pending audit or investigation. Individuals who violate this subsection shall be subject to investigation and prosecution by the Commission on Public Integrity, in accordance with applicable law.

Section 4
Removal from Office

1) An Inspector General may be removed by the relevant minister only for cause. "Cause" shall include, but shall not be limited to, malfeasance, abuse of office, and bribery.

2) In the case of a removal, the relevant minister shall report the removal and the grounds for removal to the Administrator, until the transitional Iraqi administration assumes full governance authority in Iraq. Thereafter, such reports, including the basis for the removal, shall be submitted to the body of the transitional Iraqi administration vested with national legislative powers. The Administrator or national legislative body may request additional information from the relevant minister regarding the removal, which may be overturned by the Administrator or by majority vote of the national legislative body.

Section 5
Functions

Each Office of Inspector General shall:

1) Audit all records and activities of the ministry, for purposes of ensuring the integrity, transparency and efficiency of ministry operations, and provide information for decision-making and recommend improvements to ministry programs, policies and procedures as appropriate;

2) Conduct administrative investigations consistent with the powers defined in Section 6, below;

3) Audit the economy, efficiency, and effectiveness of the ministry's operations and functions and review any ministry systems for measuring performance;

4) Receive, assess, and process complaints of fraud, waste, abuse of authority and mismanagement affecting ministry interests; forward complaints to appropriate investigative authority; and provide quality control, to include timeliness, independence, and thoroughness, for responses.

5) Conduct follow-up to ensure adequacy of corrective actions in response to Inspector General findings and recommendations.

6) Provide information and evidence regarding potentially criminal acts to appropriate law enforcement officials;

7) Receive and investigate complaints from any source or upon its own initiative concerning alleged fraud, waste and abuse and inefficiencies, including deficiencies in the operation and maintenance of facilities;

8) Engage in activities designed to prevent fraud, waste and abuse and inefficiencies, including but not limited to review of legislation, rules, regulations, policies, procedures, and transactions; and presentation of training and education programs;

9) Refer matters for further civil, criminal, and administrative action to appropriate administrative and prosecutorial agencies;

10) Recommend non-binding remedial actions to be taken by the ministry to overcome or correct operating or maintenance deficiencies and inefficiencies that were identified by the Office;

11) Issue public reports as set forth in section 9, below;

12) Monitor implementation of recommendations made by the Office and other audit agencies;

13) Promulgate written policies and procedures to guide functions and processes conducted by the Office;

14) Train employees of the ministry in the prevention and identification of waste, fraud and abuse, and establish programs for fostering a culture of accountability and integrity;

15) Maintain information regarding the cost of investigations and cooperate with appropriate administrative and prosecutorial agencies in recouping such costs from nongovernmental entities that are determined to have engaged in willful misconduct;

16) Cooperate fully in assisting the work of law enforcement agencies, investigators and courts, including the Iraq Commission on Public Integrity;

17) Take such actions as may be necessary to ensure the efficient performance of Inspector General functions at every level of the Ministry's operations; and

18) Perform such other duties within the scope of their powers, as defined in Section 6, below as may be necessary to carry out their responsibilities under this Order.

Section 6
Powers

1) To accomplish the functions set forth in Section 6 of this Order, each Office of Inspector General is hereby granted:

 a) Full and unrestricted access to all offices, limited access or restricted areas, employees, records, information data, reports, plans, projections, matters, contracts, memoranda, correspondence and any other materials, including electronic data of the ministry;

 b) Authority to subpoena witnesses, administer oaths or affirmations, to take testimony and to compel the production of such books, papers, records and documents, including electronic data as is deemed to be relevant to any inquiry or investigation undertaken;

 c) Reasonable access to the head of any governmental entity (including without limitation ministries, departments, agencies, and state owned entities), when necessary for purposes related to the work of the Office; and

 d) Authority to require employees of the ministry to report to the Office of Inspector General information regarding fraud, waste, abuse, corruption, and illegal acts.

2) Each Office of the Inspector General shall adhere to Section 9 with respect to any information derived from exercising the powers set forth in Section 6(1).

Section 7
Resources

1) Each ministry shall fund its Office of Inspector General from its annual budget received from the national budget. Each ministry must allocate and deliver funds that are adequate to meet the mission of its Office of Inspector General.

2) The Inspectors General shall establish the organizational structure appropriate to carrying out the responsibilities and functions of his or her office, and may appoint, employ, promote, and remove such assistants, employees, and

personnel as deemed necessary for the efficient and effective administration of the office.

3) Within budget limitations, the Inspector General may obtain the services of Chartered Accountants, qualified management consultants, or other professional experts necessary to perform independently the functions of the office.

Section 8
Record Keeping

1) During the course of audit and investigation activities, records produced by an Office of Inspector General shall not be made public.

2) Each Office of Inspector General shall take all steps necessary to prevent unauthorized public disclosure of audit and investigative reports, including any such disclosure that would jeopardize the national security of Iraq.

3) Names and identities of complainants will not be disclosed to the public without the complainant's written consent, unless required by Iraqi law or judicial processes.

4) Each Office of Inspector General shall maintain the confidentiality of any classified information obtained by the Office, and shall be subject to the same penalties as the custodian of those records for violating statutes governing the handling of classified information.

5) Each Office of Inspector General shall take all steps appropriate to protect the privacy of individuals to the extent possible in the context of the judicial or administrative processes initiated to protect the public.

Section 9
Reporting

1) Each Inspector General will report the findings and recommendations of the Office's work to the respective minister, to appropriate elected and appointed leadership, and, except for law enforcement sensitive or confidential information, to the public.

 a) Each Inspector General shall report potentially criminal investigative matters to the appropriate law enforcement and prosecutorial agencies.

b) Each Inspector General shall immediately report to the head of the relevant ministry significant problems, abuses, or deficiencies relating to the administration of programs and operations of the ministry or interference with Inspector General operations.

2) Within 60 days of the end of each fiscal year, each Inspector General shall issue an annual report that separately lists audit and review reports and other investigative or assistance efforts completed during the fiscal year.

a) The report shall describe the activities of the Office of Inspector General. Copies of the report shall be provided to the minister as well as any legislative bodies with oversight authority with respect to the ministry or the Office of Inspector General.

b) Upon issuance, members of the media and the public shall be promptly advised of the issuance of the report. Such reports will be provided to their representatives upon request.

Section 10
Professional Standards

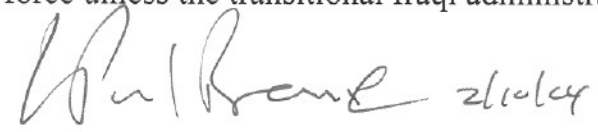
Audits, investigations, inspections, and reviews conducted by the Office of Inspector General will conform to generally accepted professional standards promulgated by independent professional auditing, evaluation and investigative organizations that promote and improve the functions of audit, inspection/evaluation and investigative activities within government.

Section 11
Quality Review

Audits, investigations, inspections and reviews shall be subject to quality assurance reviews by the Board of Supreme Audit of Iraq at least every three years. A copy of the written report resulting from this review shall be furnished to the minister and any legislative bodies with oversight authority with respect to the Office of Inspector General. This report shall also be made available to the public, when requested.

Section 12
Entry into Force

This Order shall enter into force on the date of signature, and shall remain in force unless the transitional Iraqi administration enacts superseding legislation.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 58
MAYSAN AND MUTHANNA COURTS OF APPEAL

Pursuant to my authority as Administrator of the Coalition Provisional Authority, and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing the importance of the proper and efficient administration of the court system,

Recognizing further that the former regime manipulated the court system against disfavored regions and peoples of Iraq by denying them access to local justice,

I hereby promulgate the following:

Section 1
Establishment of Courts of Appeal in Maysan and Muthanna Governorates

Pursuant to Article 16 (3) of the Judicial Organization Code, Law No.160 of 1979, there are hereby established Court of Appeal districts in the Maysan and Muthanna governorates.

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

2/10/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 59

PROTECTION AND FAIR INCENTIVES FOR GOVERNMENT WHISTLEBLOWERS

Pursuant to my authority as Administrator of the Coalition Provisional Authority, under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Reconfirming the principles set forth in CPA Order Nos. 55, 57, and 77, which established, respectively, the Iraqi Commission on Public Integrity, the Inspectors General for individual ministries, and the Iraqi Board of Supreme Audit,

Avowing to protect the rights of every Iraqi to expose government corruption and wrongdoing by contacting and cooperating with these institutions,

Committed to providing meaningful avenues for the Iraqi people, individually and collectively, to hold government leaders and institutions accountable without fear of repercussion or retribution,

Determined to restore trust and confidence in the honesty and integrity of public officials at all levels of government, and to ensure that public offices in Iraq are truly public trusts of the Iraqi people,

Recognizing that the CPA is committed to the effective administration of Iraq, and that building the Iraqi capacity to fight corruption contributes to civilian administration,

I hereby promulgate the following:

Section 1
Purpose

This Order promotes active enforcement of anti-corruption laws by encouraging eyewitnesses to illegal activity, such as corruption or misuse of public resources, to contact and communicate with appropriate institutions in order to hold accountable those who abuse the public trust. The Order rests on the established principle that secrecy is the breeding ground for corruption and thus protects the right of every Iraqi to vigorously expose official wrongdoing at all levels of government in Iraq.

Section 2
Prohibitions on Retaliation

1) No government employee or government contractor shall be discharged, demoted, transferred, threatened, intimidated, discriminated against, harassed, and/or otherwise retaliated against in any way ("Adverse Action") for reporting what he or she reasonably believes to be a violation of any law, rule, regulation, the Code for State Employees and Social Sector Discipline, Resolution No. 144, gross mismanagement, a gross waste of funds, an abuse of authority, a substantial and specific danger to health or safety, or any other "Corruption Case" as defined in Section 2.4 of Annex A to CPA Order No. 55 (CPA/ORD/27 January 2004/55), establishing the Commission on Public Integrity (collectively "Government Wrongdoing").

2) No Adverse Action shall be taken against any government employee or government contractor who cooperates with an investigation of or provides information to the Commission on Public Integrity, the Inspectors General of individual Ministries, the Board of Supreme Audit, or any other government entity charged with investigating and exposing evidence of illegal activity, public corruption, or official wrongdoing.

3) Sections 2.1 and 2.2 of this Order shall apply to Adverse Actions taken after the date this Order enters into force.

4) The provisions of Sections 2.1 and 2.2 shall not apply if the government can demonstrate that the decision to take the Adverse Action was not influenced in any way by the government employee's or government contractor's decision to report any Government Wrongdoing or to cooperate with or report information to any government entity charged with investigating and exposing evidence of illegal activity, public corruption, or official wrongdoing.

5) The provisions of Sections 2.1 and 2.2 shall not apply to persons who knowingly disclose false information or make false reports, make reports or disclose information that (from an objective viewpoint) is clearly untrue, or who make reports or disclose information about matters which by law cannot be reported or disclosed.

6) It shall be the government's burden to demonstrate that a person is not entitled to the protections of Sections 2.1 and 2.2 of this Order.

Section 3
Remedies and Procedures

1) Persons who violate Section 2 of this Order by taking an Adverse Action against government employees or government contractors who report Government Wrongdoing or cooperate with, or report to, institutions charged with investigating and exposing corruption and official wrongdoing in Iraq shall:

 a) be liable to the aggrieved government employee or government contractor for money damages and any other relief deemed necessary by a court of competent jurisdiction to make an aggrieved government employee or government contractor whole, including reinstatement of employment with back pay; and/or

 b) be liable for criminal sanction in accordance with all applicable laws, regulations, and standards of procedural due process.

2) Government employees or government contractors alleging a violation of Section 2 of this Order must, within 90 days of the Adverse Action, file an Initial Complaint with the Inspector General appointed to their relevant ministry unless the Complaint relates to actions taken by a minister or the Inspector General. The Commission on Public Integrity shall promulgate procedures and regulations which permit Inspectors General to receive and investigate such Complaints. These procedures and regulations shall require Inspectors General to issue a Final Report that analyzes the merits of any Complaint within 60 days of filing and recommends whether: (i) to dismiss the Complaint, (ii) to pursue civil and/or criminal charges in a court of competent jurisdiction consistent with Section 3.1(b) of this Order, or (iii) to take any other action deemed necessary under the particular facts and circumstances so long as such action is consistent with the law and due process.

3) Upon issuance of a Final Report, the Inspector General must forward it (and all accompanying records and files generated to create the Final Report) to the Commission on Public Integrity. The Commission on Public Integrity shall independently review the Final Report, records, and file and determine whether to adopt the Final Report in full, modify, wholly or partly reject, or resubmit the Final Report to the Inspector General with instructions. In the event the Complaint is dismissed, the aggrieved government employee or government contractor may bring a civil action in a court of competent jurisdiction seeking appropriate judicial relief. The court in such a case may consider the findings and analysis contained in the

Final Report, as well as any additional findings and analysis rendered by the Commission on Public Integrity.

4) If the Inspector General fails to issue a Final Report within 60 days after the Complaint's filing, or the Commission on Public Integrity fails to make any determination about whether to adopt, modify, reject, or resubmit the Final Report within 30 days after its receipt, and there is no showing that such delays are due to the bad faith of the claimant, the claimant may (within 30 days after the passage of either deadline) bring a civil action in a court of competent jurisdiction seeking appropriate judicial relief. The institution of any such civil action under this paragraph shall not prejudice the Inspector General from continuing its investigation and submitting its Final Report to the Commission on Public Integrity. The institution of any civil action under this paragraph shall not prejudice the Commission on Public Integrity from dismissing the Complaint, pursuing criminal penalties (as permitted under Sections 3 and 4 of this Order and Section 4 of Annex A to Order No. 55) against persons who violate Section 2 of this Order, or taking any other action deemed necessary under the particular facts.

5) The Commission on Public Integrity shall also promulgate procedures and regulations for receiving and investigating Complaints that relate to actions taken by ministers or Inspectors General. The regulations promulgated shall require the Commission on Public Integrity to analyze the merits of such Complaints and to issue a Final Report within 60 days of filing. Upon issuance of the Final Report, the Commission on Public Integrity shall: (i) dismiss the Complaint, (ii) pursue civil and/or criminal charges in a court of competent jurisdiction consistent with Section 3.1(b) of this Order, or (iii) take any other action (not including criminal or civil relief available in a court of competent jurisdiction) deemed necessary under the particular facts and circumstances so long as such action is consistent with law and due process. In the event the Complaint is dismissed, the aggrieved government employee or government contractor may bring a civil action in a court of competent jurisdiction seeking appropriate judicial relief. The court in such a case may consider the findings and analysis contained in the Final Report.

6) If the Commission on Public Integrity has not issued a Final Report within 60 days after the filing of a Complaint that relates to actions taken by a minister or an Inspector General and there is no showing that such delays are due to the bad faith of the aggrieved government employee or government contractor, then the aggrieved government employee or government contractor may bring a civil action in a court of competent jurisdiction seeking appropriate judicial relief. The institution of any such

civil action under this paragraph shall not prejudice the Commission on Public Integrity from pursuing criminal penalties (as permitted under Sections 3 and 4 of this Order and Section 4 of Annex A to Order No. 55) against ministers or Inspectors General who violate Section 2 of this Order.

7) To further encourage individuals to come forward with evidence of corruption and official misconduct, the Commission on Public Integrity shall promulgate and widely publicize procedures that permit the Government of Iraq to transfer to a person (or persons) who first reports particular actionable misconduct up to 25 percent of any recovery (regardless of whether such recovery is awarded to the government from a court of competent jurisdiction, received by settlement, or received by other means) by the government from a wrongdoer. The regulations promulgated shall not permit any person (or persons) to receive any portion of a recovery unless the recovery was, in substantial part, received because the person (or persons) reported the particular actionable conduct at issue.

Section 4
Penal Code Amendment

The Penal Code is amended by appending to the end of Paragraph 329 the following:

"(3) The same penalty applies to any public official or agent who discharges, demotes, transfers, threatens, intimidates, discriminates against, harasses, and/or otherwise retaliates against in any way any person reporting to, or otherwise cooperating with, the Iraqi Commission on Public Integrity, Inspectors General of the Ministries, the Board of Supreme Audit, or any other government body charged with investigating and exposing corruption and misconduct by those charged with the public trust."

Section 5
Entry into Force

This Order shall enter into force on the date of signature, and shall remain in force unless the transitional Iraqi administration enacts superseding legislation.

6/1/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 60

MINISTRY OF HUMAN RIGHTS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing that the Iraqi people have long suffered from terrible abuses of their fundamental human rights and fundamental freedoms; and that the implementation of the rule of law and a system of protection for human rights and fundamental freedoms, as well as the adoption of international standards of human rights and the revival of traditional Iraqi standards of humane treatment are vital to Iraq's social and political stability,

Furthering the purposes of the Governing Council to create a ministry responsible for addressing past human rights atrocities and safeguarding the human rights and fundamental freedoms of all persons within the territory of Iraq in the future,

Recalling CPA Memorandum Number 6, publishing the appointment of the Interim Minister of Human Rights, and

Recognizing the obligations assumed by Iraq under international human rights treaties to which it is party, including the International Covenant on Civil and Political Rights, the Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination Against Woman, and the Convention on the Rights of the Child,

I hereby promulgate the following:

Section 1
Establishment

1) The Ministry of Human Rights (MOHR) is hereby established.

2) All acts and decisions by the interim Minister of Human Rights (hereinafter "interim Minister") in connection with this office and within his authority, together with all acts and decisions by the Ministry made within its authority from its appointment by the Governing Council on September 3, 2003, are hereby ratified. For the purposes of this ratification, the Ministry of Human Rights is deemed to have been established on September 3, 2003.

Section 2
Functions

1) The MOHR shall work to establish, through appropriate programs, services, initiatives, and studies, conditions conducive to the protection of human rights and fundamental freedoms in Iraq, and the prevention of human rights violations in Iraq.

2) The MOHR shall make formal recommendations regarding the establishment of new institutions, or the effective operation and reform of present institutions, as deemed necessary to prevent human rights violations in Iraq.

3) The MOHR shall establish programs to assist all the people of Iraq and Iraqi society in general in healing from the atrocities committed by the Ba`athist regime to include appropriate cooperation with the Iraqi Special tribunal or other judicial institutions. This shall include requesting and coordinating appropriate support from the CPA, Coalition Forces and non-governmental agencies.

4) The MOHR shall develop policies and implement programs as may be necessary to give effect to this Order.

5) The MOHR shall be the focal point in the transitional Iraqi administration for relations with the United Nations High Commissioner for Human Rights, the United Nations Commission on the Status of Women and other international, national, and nongovernmental organizations promoting human rights.

6) The MOHR shall provide advice to lawmakers on whether proposed legislation is consistent with international human rights law, including the obligations Iraq has assumed pursuant to international human rights treaties it has ratified.

Section 3
Organization

1) The interim Minister shall organize the MOHR into such divisions and departments as he deems necessary and appropriate. The interim Minister shall ensure, at a minimum, that programs and policies are developed and implemented to address the atrocities committed by the Ba`athist regime; that institutions are in place and operating to protect the fundamental rights of all the people of Iraq, including women and children; that these institutions receive the support required to achieve their goals; that the Iraqi people are educated and knowledgeable on fundamental human rights, including the standards and norms of international human rights law; and that Iraq takes an active role in initiating a regional and international dialogue on human rights issues.

2) The interim Minister shall ensure, at a minimum, that the following administrative needs of the new MOHR are accomplished: hiring and training qualified personnel; developing a finance department; nominating an Inspector General and a senior Ministry legal advisor; establishing at least one Ministry facility; and creating an information and technology management office and a press relations office.

3) The interim Minister may establish a consultative body comprised of representatives from other Ministries to coordinate on policies and programs relating to human rights and fundamental freedoms of all persons in Iraq and to ensure that new legislation is adopted taking into account the obligations that Iraq has assumed pursuant to the international human rights treaties it has ratified.

4) The interim Minister may set up such regional offices as he deems necessary and appropriate to facilitate, implement, and coordinate the work of the MOHR at the local level.

Section 4
Personnel and Administration

1) The MOHR may hire and employ personnel in accordance with Iraqi law, as amended by CPA Orders and Memoranda, and subject to established budget constraints. Such hiring shall be consistent with CPA Order Number 1 and any authorized implementation thereof.

2) Salaries of MOHR personnel shall conform to the salary structure applicable to Iraqi government employees.

Section 5
Property

In accordance with CPA Order No. 9, Management and Use of Iraqi Public Property (June 8, 2003), the MOHR shall be granted the use of properties needed to accomplish its missions.

Section 6
Budget

The MOHR shall coordinate with the Ministry of Finance regarding its budget.

Section 7
Administrative Instructions

The interim Minister, in consultation with the CPA Senior Advisor for Human Rights, may issue administrative instructions prescribing all matters necessary for carrying out the duties described under this Order. These instructions must not be inconsistent with any CPA Order, Regulation or Memorandum, or any Iraqi law or obligation assumed by Iraq under international human rights instruments to which it is party.

Section 8
Durability and Precedence

This order will remain in force unless repealed by the Administrator or superseded by legislation issued by an internationally recognized Iraq government. This order shall take precedence over all other laws and publications to the extent such other laws and publications are inconsistent.

Section 9
Entry into Force

This Order shall enter into force on the date of signature.

2/22/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 61
AMENDMENT TO COALITION PROVISIONAL AUTHORITY ORDER NUMBER 45 (CPA/ORD/25 November 2003/45)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511(2003),

Noting that the requirement to register NGOs was imposed under CPA Order Number 45,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, and to ensure the well being of the Iraqi people,

Noting the need for a centralized method of registering non-governmental organizations, and the need to take measures to coordinate their activities,

Determined to ensure the security of the Iraqi people and prevent the misuse of non-governmental organizations for fraudulent or illegal purposes,

Recognizing that additional time is needed to build the capacity of the NGO Assistance Office,

I hereby promulgate the following:

Section 1
Amendment

1) Coalition Provisional Authority Order Number 45, Section 9, Article 5, on Registering of Nongovernmental Entities is amended to read in its entirety as follows:

 "The NGO shall submit a list of all foreign staff stating their qualifications and responsibilities by May 1, 2004. The list shall be updated when the quarterly activity reports are submitted to the Office. Quarterly activity reports shall be due on the first of the month every three months following May 1, 2004."

2) Coalition Provisional Authority Order Number 45, Section 9, Article 7, on Registering of Nongovernmental Entities is amended to read in its entirety as follows:

 "All NGOs operating within Iraq prior to this Order shall comply with its provisions by May 1, 2004."

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

2/23/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 62

DISQUALIFICATION FROM PUBLIC OFFICE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Noting the obligation of the CPA to restore and maintain order and the right of the CPA to take measures for its security and public order,

Concerned that groups and individuals are attempting to undermine Coalition efforts, as called for in U.N. Security Council Resolution 1483 (2003), to create conditions in which the Iraqi people can freely determine their own political future,

Determined to assist the Iraqi people in establishing an internationally recognized, representative government by creating an environment in which democratic institutions can be formed, personal liberties can be safeguarded, and the rule of law is respected and can be enforced;

I hereby promulgate the following:

Section 1
Authority to Disqualify

1) When determined necessary for security and public order within Iraq, the Administrator of the CPA may disqualify an individual from participating in an election as a candidate for, accepting a nomination to, or holding public office, at any level, if that individual:

a) Has engaged in, ordered, or publicly incited violence against Coalition Forces or CPA personnel;

b) Was a full member of the Ba'ath Party holding the rank of 'Udw Qutriyya (Regional Command Member), 'Udw Far'(Branch Member), 'Udw Shu'bah (Section Member), or 'Udw Firqah (Group Member), as determined by the Higher National De-Baathification Commission;

c) Is an agent of a foreign government;

d) Has been convicted of a serious offense;

e) Is reasonably suspected of having committed, participated in, ordered, or permitted war crimes, genocide, crimes against humanity, atrocities, or gross violations of human rights; or

f) Has publicly espoused political philosophies or legal doctrines contrary to the democratic order and rule of law being established in Iraq.

2) The Administrator may take such actions as he deems necessary to notify the individual concerned of a disqualification action under this section and to ensure a disqualified individual is prevented from assuming or continuing to hold public office. To the extent practicable, consistent with the CPA's responsibilities and authorities, the Administrator should inform the public of his determinations and the bases for them.

Section 2
Existing Law

Any laws or regulations inconsistent with the provisions of this Order are hereby suspended to the extent they are inconsistent with the provisions of this Order.

Section 3
Entry into Force and Duration

This Order shall enter into force on the date of signature and shall remain in effect only until the CPA is dissolved.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 63

PUBLIC SECURITY SECTOR DEATH AND DISABILITY BENEFITS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing the dangers faced and sacrifices made by the brave and patriotic Iraqi citizens who choose to serve in the public security sector,

Determined to provide for the families of employees of public sector security organizations killed because of their service,

I hereby promulgate the following:

Section 1
Definitions

1) "Public Security Sector Organizations" means the Iraqi Police Service; Iraqi Department of Border Enforcement established pursuant to CPA Order Number 26; Iraqi Facilities Protection Service established pursuant to CPA Order Number 27; Iraqi Civil Defense (Fire and Emergency Services); Iraqi Corrections Service; New Iraqi Army (to include all elements of the Iraqi Armed Forces) established pursuant to CPA Order Number 22; Defense Support Agency established pursuant to CPA Order Number 42; Iraqi Civil Defense Corps established pursuant to CPA Order Number 28; and any future Ministry of Defence and elements thereof that may be established by the CPA.

2) "Eligible Employee" means an employee of a public security sector organization who is injured or killed Due to His Service. An individual who has entered into an employment contract directly with a public security sector organization in anticipation of being hired as an employee of that or a successor security sector organization shall be deemed to be an employee of that organization for purposes of this Order.

3) "Due to His Service" means the employee is injured or killed as a direct and proximate result of an action or accident while on duty and faithfully executing his responsibilities or the member is injured or killed as a result of his official position while off duty. Such term does not include injury or death as a result of a previous medical condition or the employee's own misconduct.

Section 2
Benefits Payable to Public Security Sector Personnel

1) The disability, pension, and death gratuity provisions contained in Articles 49 through 52 of Law Number 1 of 1978, Law for the Service and Retirement of the Interior Security Forces, as amended, shall apply to Eligible Employees of the Iraqi Police Service, Iraqi Department of Border Enforcement, Iraqi Facilities Protection Service, Iraqi Civil Defense (Fire and Emergency Services), and the Iraqi Corrections Service.

2) The disability, pension, and death gratuity provisions contained in Articles 58 through 61 of Law Number 1 of 1975, Law for the Military Service and Retirement, as amended, shall apply to Eligible Employees of the New Iraqi Army (to include all elements of the Iraqi Armed Forces), Defense Support Agency, Iraqi Civil Defense Corps, and any future Ministry of Defence and elements thereof.

3) The benefits authorized herein shall be calculated and paid in accordance with the provisions of the applicable law and shall be in lieu of any other disability, pension, or death gratuity authorized by Iraqi law.

Section 3
Administration and Payment of Pensions

1) An Eligible Employee's Ministry shall be responsible for determining eligibility for disability, retirement, and other benefits in accordance with the relevant Iraqi law under this Order and for administering the payment of such disability, retirement, and other benefits.

2) The interim Ministers of the affected Ministries may issue Administrative Instructions, not inconsistent with Iraqi law or any CPA Order, Regulation, or Memorandum, as they deem necessary to carry out the duties for their respective Ministries described in this Order.

Section 4
Existing Law

1) Ministry of Finance policy, Public Security Sector Survivor Benefits, dated October 28, 2003, is hereby superseded. Retirement benefits currently being paid to individuals under that policy shall be adjusted to reflect the entitlements set forth in this Order; provided that the amount of any benefits paid to such individuals under this Order shall not be less than what would have been paid to such individuals under the superseded Ministry of Finance policy.

2) Nothing in CPA Order Number 30 or any other CPA Order, Regulation, or Memorandum shall be deemed to suspend existing Iraqi law related to disability, retirement, or other benefits payable under this Order.

3) Any portion of legislation inconsistent with any of the provisions of this Order is hereby suspended to the extent necessary to implement the provisions of this Order.

Section 5
Entry into Force

This Order shall enter into force on the date of signature.

3/6/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 64

AMENDMENT TO THE COMPANY LAW NO. 21 OF 1997

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system as necessary to improve the condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that some of the rules concerning company formation and investment under the prior regime no longer serve a relevant social or economic purpose, and that such rules hinder economic growth,

Noting that Iraqi entrepreneurs and businesses will benefit from more streamlined requirements for forming companies and investing in them,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well-being of the Iraqi people and to enable the social and economic functions and normal transactions of every day life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having worked closely with the Governing Council, international organizations and relevant Ministries in developing policies that will organize and facilitate the infusion of capital into Iraqi businesses, private sector investment, and transferability of interests,

I hereby promulgate the following:

Section 1
Amendments to the Company Law

1) Article 1 of the Company Law No. 21 of 1997 ("the Law") is amended to read as follows: "The objectives of this law are to:

1. organize companies;

2. protect creditors from fraud;

3. protect owners from conflicts of interest and related abuses by company officials, majority owners, and others with practical control over the affairs of the company; and

4. promote the provision of full information to owners in connection with decisions affecting their investment and their company."

2) Article 2 of the Law is suspended.

3) Article 3 of the Law is amended to read as follows: "This law applies to mixed and private companies and to all investors. Its provisions shall apply to banks to the extent they do not conflict with Coalition Provisional Authority (CPA) Orders, including but not limited to CPA Order No. 40, promulgating the Banking Law, and CPA Order No. 18, prescribing Measures to Ensure the Independence of the Central Bank of Iraq, and regulations issued under such CPA Orders. This law shall apply to securities transactions, financial investment companies and insurance and re-insurance companies to the extent it does not conflict with the legislation applicable to these transaction and entities or the jurisdiction of the competent state authorities for those sectors. Decisions of the Registrar of Companies (hereinafter "Registrar") hereunder shall be based upon this law and not upon considerations of economic planning or development policy. Decisions by the Registrar shall not in general foreclose a claim for compensation arising from violation of the law by an injured third party against those responsible for the violation."

4) The heading of Sub-Section One of Section 2 of the Law is amended to read as follows: "The Company's Contract and Owners' Mutual Obligations".

5) Article 4, paragraph Second of the Law is amended to read as follows: "With the exception of the provisions of paragraph First of this article:

1. A company may be established by one natural person in accordance with the provisions of this law. Such a company will henceforth be referred to as a 'sole owner enterprise.'

2. A limited liability company may be formed with one owner in accordance with the provisions of this law."

6) Article 4 of the Law is supplemented with the following paragraph Third, which shall read as follows: "Owners of capital in a company may not exercise their voting or other authority in the company to cause it to do or consent to acts that:

1. harm or disadvantage the company to benefit themselves or those associated with them at the expense of other owners of the company; or

2. jeopardize the rights of creditors by causing withdrawal of capital or transfer of assets when insolvency is imminent or when prohibited by law."

7) Article 6, paragraph Second of the Law is amended to read as follows: "The mixed or private limited liability company shall be formed by no more than 25 natural or juridical persons, who will subscribe to its shares and will be responsible for the company's debts insofar as the nominal value of the shares to which they subscribed."

8) Article 6, paragraph Third of the Law is amended to read as follows: "The joint liability company shall be formed by not less than two and not more than 25 persons, each owning a quota of its capital. They shall jointly assume personal and unlimited responsibility for all of its obligations."

9) Article 7, paragraph First of the Law is amended to read as follows: "The mixed company shall be formed by the agreement between one or more persons from the state sector and one or more persons from outside this sector. The state sector's share in the mixed company's capital must not initially be less than 25 percent. A mixed company may also be formed by two or more persons from the mixed sector. When the state sector's share falls below 25%, the company shall be treated as a private company, as permitted in article 8, paragraph Second, point 2."

10) Article 8, paragraph Second, subparagraph 1 of the Law is amended to read as follows: "Form a sole owner enterprise of one natural person or a sole owner limited liability company of one juridical or natural person."

11) Article 9, paragraph First of the Law is amended to read as follows: "The Financial Investment Company is a company organized in Iraq whose main activity is to direct savings toward investment in Iraqi financial securities, including shares, bonds, treasury bills and fixed deposits."

12) Article 10, paragraph First of the Law is suspended.

13) Article 10, paragraph Second of the Law is amended to read as follows: "Companies engaging in any of the following activities must become joint-stock companies:

1. Insurance and re-insurance.

2. Financial investment."

14) Article 12, paragraph First of the Law is amended to read as follows: "A juridical or natural person foreign or domestic has the right to acquire membership in the companies stipulated in this law as founder, shareholder, or partner, unless such person is banned from such membership under the law, or due to a decision issued by a competent court or authorized governmental body."

15) Article 12, paragraphs Second and Third of the Law are suspended.

16) The chapeau paragraph of Article 13 of the Law, and paragraphs First through Third thereof are amended to read as follows:

"Article 13: The founders shall prepare a contract for the company, which is signed by them or their legal representative. The contract shall contain at a minimum:

First: The company's name, and corporate form, with the word "mixed" added if it is a mixed sector company, and any other acceptable elements.

Second: The company's head office, which must be in Iraq.

Third: The purposes for which the company is established and the general nature of the business to be transacted."

17) Article 13, paragraph Fourth of the Law is suspended.

18) Article 14 of the Law is amended to read as follows: "The founder of a limited liability company when there are no other founders, or the founder of a sole owner enterprise shall prepare a statement, which shall serve the purpose of a company contract and shall be subject to the provisions that are applicable to the contract whenever they occur in this law."

19) Article 15 of the Law is amended to read as follows: "The founders of the company shall subscribe to the company's capital in accordance with their agreed to contributions."

20) Article 16, paragraph First of the Law is amended to read as follows: "The founders shall deposit the company's capital specified in Article 28, paragraph First, of this law with one or more banks authorized to operate in Iraq. It is permissible for the company capital also to include contributions in kind as stipulated in Article 29 of this law."

21) Article 16, paragraph Second of the Law is suspended.

22) Article 16, paragraph Third, subparagraph 1, items (b), (d) and (f) of the Law are amended to read as follows:

"b. Follow up on the procedures for establishing the company and submit the contract of association and the subscription document to the Registrar of Companies-- including the names, signatures, addresses and nationalities of the founders as well as other requirements."

"d. Open a joint account in the name of the committee with one or more banks authorized to operate in Iraq."

"f. Obtain a license, if necessary, for the project and conclude the necessary contracts for its establishment, following the issuance of the decision approving its establishment."

23) Article 17, paragraph Third of the Law is amended to read as follows: “A statement from the bank or banks proving that the capital required in Article 28 has been deposited.”

24) Article 18 of the Law is suspended.

25) Article 19 of the Law is amended to read as follows: “The Registrar shall approve the application unless it finds it contrary to a specific provision of this law and shall issue the approval or disapproval of the establishment application within 10 days from the date of receiving it. Except for joint stock companies, the certificate shall be issued at the time of the approval and shall be the evidence of the company's establishment. If the Registrar disapproves an application, it shall issue a written decision stating the reasons for the disapproval. In the case of a joint-stock company, the Registrar shall publish a written notice of his or her decision at the time of the approval or disapproval. No certificate shall be issued without payment of the applicable fee.”

26) Article 20 of the Law is suspended.

27) Article 21, paragraph First, subparagraph 1 of the Law is amended to read as follows: “The Registrar shall publish the decision approving the establishment of the company in the special bulletin published under the provisions of Article 206 of this law, which henceforth will be referred to as "the Bulletin."

28) Article 21, paragraph Second of the Law is suspended.

29) Article 22 of the Law is amended to read as follows: “The company acquires corporate status from the date of the issuance of its establishment certificate. This certificate is considered proof of this status.”

30) Article 24 of the Law is amended to read as follows: "If the Registrar rejects the application for the establishment of the company, it must state in writing the legal provisions violated and the facts underlying each violation. The applicant for the establishment has the right to contest the Registrar's rejection before the Minister of Trade within 30 days from the date of notification. The Minister of Trade must consider the rejection within 30 days from the date of its submission. If the Minister also rejects the application, the applicant has the right to appeal the Minister’s decision before the competent court within 30 days."

31) Article 28 of the Law is amended to read as follows: “First: The capital of a joint stock company shall not be less than two million (2,000,000) dinars. The capital of a limited liability company shall not be less than one million (1,000,000) dinars. The capital of all other companies shall not be less than fifty thousand (50,000) dinars.

Second: A joint stock company's liabilities may not exceed 300 percent of its total capital and other equity rights.”

32) Article 29, chapeau of paragraph Second of the Law is amended to read as follows: “In the joint-stock company and the limited liability company, the capital may include shares that are offered in exchange for tangible or intangible in-kind property contributions by one or more of the founders.”

33) Article 29, paragraph Second, subparagraph 1 of the Law is amended to read as follows: “In the case of a joint-stock company, property-in-kind shares shall be evaluated by a committee approved by the Registrar as to expertise and objectivity, and including experts in law, accounting and the company's line of business."

34) Article 29, paragraph Second, subparagraph 2 of the Law is amended to read as follows: "In the case of the mixed joint-stock company, the committee established pursuant to subparagraph 1 in this paragraph shall submit its report to the Registrar within 60 days from the date of its formation. The Registrar shall submit its report to the Financial Control Bureau for endorsement within 30 days from the date of its submission. In the case of non-approval, the Registrar shall return the report to the committee for further consideration.”

35) Article 29, paragraph Second, subparagraph 3 of the Law is amended to read as follows. “In the case of the private joint-stock company, all founders shall agree on the value of property-in-kind shares as assessed in the manner stipulated in subparagraph 1 of this paragraph. A joint stock company’s or limited liability company’s contract must state the type of property-in-kind share and its value as approved by the rest of the founders, the name of the founder who offered the share, and the percentage of his contribution to the capital through this share. The founder offering the property in-kind shall be accountable to any person for its assessed and accepted value. If it is proven that the assessed value is less than the actual value, he or she must pay the difference in cash to the company. The other founders may be asked to cooperate in paying the difference.”

36) Article 30 of the Law is amended to read as follows: “The nominal value of the share shall be one dinar. It should not be issued higher or lower than that except as provided in Articles 54 through 56.”

37) Article 31 of the Law is suspended.

38) Article 32, paragraphs First and Second of the Law are suspended.

39) Article 37, paragraph Second of the Law is amended to read as follows: "The creditors of a sole owner enterprise may take legal action against it or the owner of the quota in it. His or her funds shall be considered as a guarantee for debts on the enterprise. It is permissible to seize his or her funds without warning the enterprise and in accordance with applicable legal procedures."

40) Article 39, paragraph First of the Law is amended to read as follows: "The founders in the mixed joint-stock company shall subscribe by not less than 30 percent and not more than

55 percent of its nominal capital, and this should include the minimum 25 percent fixed for the state sector."

41) Article 39, paragraph Second of the Law is amended to read as follows: "At the establishment of the company, the founders in the private joint-stock company shall subscribe by not less than 20 percent in its nominal capital."

42) Article 39, the chapeau portion of paragraph Third of the Law is amended to read as follows: "The remaining shares shall be offered for public subscription within 30 days from the date of the approval of the establishment of the company in a statement issued by the founders and published in the bulletin and at least two daily papers, after obtaining the approval of the Registrar, which shall be granted within that time unless the Registrar finds the registration materials submitted would be materially misleading to investors. In the latter case, it shall refer a matter within its jurisdiction to the competent state authority for the securities markets. The statement shall include the following:"

43) Article 39, paragraph Fourth of the Law is amended to read as follows: "Founders shall not subscribe to the shares while they are being offered for public subscription, except after the end of 30 days from the beginning of the subscription or during the extended period stipulated in Article 42 of this law."

44) Article 41, paragraph First of the Law is amended to read as follows: "The subscription shall take place in a bank authorized to operate in Iraq in a form bearing the name of the company and containing the following:

1. The request to subscribe to a specific number of shares.

2. The subscriber's approval of the company's contract.

3. The subscriber's name, address, profession, and nationality.

4. Any other information which the founders may want to add.

45) Article 41, paragraph Second of the Law is amended to read as follows: "The form shall be submitted to the party handling the subscription signed by the subscriber or his legal representative. The required payment shall be made against a receipt."

46) Article 41, paragraph Third of the Law is amended to read as follows: "The subscriber shall be given a copy of the company's contract and its technical and economic feasibility study, subject to Article 47, paragraph Third of this law."

47) Article 42 is amended to read as follows: "The subscription period shall not be less than 30 days or more than 60 days. If the subscription period expires without the subscribed shares reaching 75 percent of the nominal capital, including the shares owned by the founders, it is permissible to extend it for a further period of not more than 60 days. The founders shall again publish the subscription statement and make the extension announcement."

48) Article 43, paragraph First of the Law is amended to read as follows: "If the subscription does not reach 75 percent of the nominal capital at the end of the extension period, the founders must decrease the company's capital, so that the value of the subscribed shares will be equal to 75 percent of the decreased nominal capital, unless the founders cancel the establishment of the company. The founders shall inform the Registrar of such a decision."

49) Article 43, paragraph Second of the Law is suspended.

50) Article 43, paragraph Third of the Law is amended to read as follows: "If it is decided to cancel the establishment of the company under the provisions of Paragraph First of this article, the founders shall notify the bank and jointly bear the expenses for establishing the company. The bank handling the subscription shall return the money paid by all subscribers in full upon notification and within a period of not more than 30 days."

51) Article 44, paragraph Second of the Law is amended to read as follows: "If it transpires after the closure of the subscription that the shares offered have been over-subscribed, the shares must be distributed among the subscribers according to the percentage of subscription allotted for each subscriber."

52) Article 45, paragraph First of the Law is amended to read as follows: "Any person whose lawful rights would be infringed by violations of the subscription rules, the Registrar and the competent state authority for the securities market has the right to contest the soundness of the subscription process before the competent court and ask for its cancellation within 15 days from the closure of the subscription. The court must examine such cases urgently. The court's decision can be contested before the court of appeal, which shall sit as a court of cassation, and its decision in this capacity shall be final."

53) Article 45, paragraph Second of the Law is amended to read as follows: "If the subscription is ruled to be in violation of the law, the founders must carry it out anew."

54) Article 47, paragraph First of the Law is amended to read as follows: "Once the company has been established and some shares are still not subscribed for, the board of directors may, after six months from the date of the issuance of the establishment certificate, pursue one of two courses:

1. sell the shares on the Baghdad Stock Exchange market; or

2. place the shares for public subscription in accordance with the procedures followed during the constituent subscription."

55) Article 47, paragraph Second of the Law is amended to read as follows: "If the shares are not sold in the market or subscribed by the public, the company's nominal capital shall be decreased by the value of the unsold shares. The company shall be liable for materially misleading assertions or omissions in sales or subscriptions as shall be its responsible directors, employees and agents."

56) Article 48, paragraph First of the Law is amended to read as follows: "In the joint-stock company, the subscription shall require payment in full for issued shares. Unpaid shares already outstanding under previous law shall be governed by this Article."

57) Article 48, paragraph Second of the Law is suspended.

58) Article 51 of the Law is amended to read as follows: "Every shareholder in a limited liability company and every subscriber who has fully paid the value of his shares in a joint-stock company shall be given a permanent certificate including the data contained in the temporary certificate, plus a declaration that the shares have been paid. Any temporary certificate should be cancelled."

59) Article 54, paragraph Second of the Law is amended to read as follows: "In the joint-stock company and the limited liability company, the increase of capital must be in accordance with a general assembly decision to amend the contract and issue new shares."

60) Article 54, paragraph Third of the Law is suspended.

61) Article 54, paragraph Fourth of the Law is amended to read as follows: "The Registrar shall within fifteen days of a lawful request approve the increase. The Registrar shall be deemed to approve the increase, and to give notice of the approval, unless it rejects the request, giving the legal and factual basis for the determination in writing."

62) Article 55, paragraph Second of the Law is amended to read as follows: "Transferring funds from the accumulated surplus or the issuance allowance reserve into shares to be distributed among the shareholders in the ratio of their subscription to the capital."

63) Article 55 is supplemented by a paragraph Fourth, to read as follows: "In cases where the shares will be offered in exchange for cash, such decision must specify the number of shares to be issued and the price at which they will be offered for sale or the means of establishing that price. Shares may be offered at a price equal to or greater than their nominal value in accordance with the general assembly's decision and priced in light of the company's performance and, where applicable, the prices of its shares in the Baghdad Stock Exchange market. The proceeds reflecting the difference between the issue price and nominal price, which is considered issuance allowance, shall be recorded in the account of the issuance allowance reserve, after deducting all issuance expenses. This reserve may not be distributed as profits. In the case of the joint-stock company, the company shall submit to the Registrar a decision by its general assembly to increase the capital, backed by an economic study giving the justifications for this increase and the fields in which it will be expended, as well as any other essential data. It shall be furnished to purchasers, subject to the liability in the second paragraph of article 47 of this law, unless the Registrar finds it materially misleading. In this case, it shall refer a matter within its jurisdiction to the competent state authority for the securities market."

64) Article 56, paragraph First of the Law is amended to read as follows: "In the joint-stock company, the new shares must be placed for public subscription within 30 days from the date on which the company is notified of the Registrar's approval of the increase in the capital. The subscription shall remain open for a period of not less than 30 days and not more than 60 days, which may be renewable once for a similar period, provided the value of the shares is paid during subscription. The increase in the capital is achieved by the number of shares subscribed and paid up on the closure of the subscription. Otherwise, and insofar as it does not conflict with the nature of the increase in the capital, the original provisions on subscription shall be applied on the new shares, including the provisions of Articles 44 and 47 of this law."

65) Article 56, paragraph Third of the Law is amended to read as follows: "Every shareholder has the priority right to buy shares at the subscription price proportional to the number of the shares he owns. Shareholders shall be allowed to exercise this right within a period of 15 days from the date they are invited to do so. The invitation must state the beginning and end of the subscription period and the nominal value of the shares. If some shares are not subscribed after the period stipulated in paragraph First of this Article, the board of directors may place the shares for sale in the Baghdad Stock Exchange market in the manner it deems suitable."

66) Article 56 is supplemented by a paragraph Fourth as follows: "Fourth. In the case of banks increasing capital by a sale of shares for cash, the company may issue shares without public subscription and/or without offering existing shareholders the right to participate, provided the following conditions are met:

1. The issuance is approved by a majority of the votes of the subscribed shares whose due installments have been paid; and

2. The Central Bank of Iraq concurs that the sale is for fair value, in view of all the circumstances, and is fair to shareholders not entitled to participate, in view of the benefit to the company as a whole."

67) Article 58 of the Law is amended to read as follows: "A company may decrease its capital if it exceeds its needs or incurs losses. A decrease in capital that is part of an arrangement to achieve a net increase in capital through additional investments shall not be subject to the requirements in Article 59, paragraph Third, and Articles 60-63."

68) Article 59, paragraph Third, subparagraph 2 of the Law is suspended.

69) Article 59, paragraph Third, subparagraph 3 of the Law is amended to read as follows: "If the Registrar finds the decrease lawful, it shall announce the decrease in the bulletin and two daily papers. It shall also give every creditor to or claimant on the company the right to object to the decision on the decrease within 30 days from the date of the publication of the announcement."

70) Article 63 of the Law is amended to read as follows: “In the case of the joint liability company and the sole owner enterprise, any decrease of the capital must take place through a decision by the general assembly to amend the contract.”

71) Article 64, paragraph First of the Law is amended to read as follows: “Founders of joint-stock companies may not transfer ownership of their shares except in the following situations:

1. The lapse of at least one year since the establishment of the company.

2. The distribution of dividends that are not less than five percent of the paid up nominal capital.

72) Article 64, paragraph Second of the Law is suspended.

73) Article 65, paragraph Third of the Law is amended to read as follows: “If several shareholders want to buy the shares at the same price, the shares shall be divided among them in the ratio of their subscription, to the nearest correct share.”

74) The chapeau paragraph of Article 67 of the Law is amended to read as follows: “If an Iraqi shareholder in a joint-stock company or a limited liability company dies, the ownership of the shares shall revert to his or her heirs in accordance with the ratios specified by the Shari’a law. In cases in which the shareholder is a citizen of another country, the shares shall revert to the shareholder’s heirs in accordance with the applicable law of that country. In each case, the following shall be taken into consideration:”

75) Article 67, paragraph Second of the Law is amended to read as follows: “If the distribution of shares among the heirs will result in an increase in the number of partners in the limited liability company over the number set by the law, the shares shall be considered a joint ownership by the heirs in accordance with the ratios specified under the applicable inheritance law and considered as one person. In such a case, one of the heirs will represent the rest before the company. They shall be asked to choose this representative within 60 days from the date of the registration of the shares in the company's ledger.”

76) Article 74 of the Law is amended to read as follows: “First: The reserve shall be used for the purposes of expanding and developing the company's business, and improving the conditions of its workers, participating in projects relevant to the company's activity, and contributing to the protection of the environment and social welfare programs. Dividends shall not be distributed from the reserve.

Second: The reserve shall be used to meet the company's debts, provided they do not exceed 50 percent of the reserve. Any increase over that limit shall be subject to the approval of the Registrar.”

77) Article 76 of the Law is amended to read as follows: "First: If the company's losses amount to 50 percent of its capital or more, it must notify the Registrar within 60 days from the day the losses are established in the balance sheet.

Second: If the losses amount to 75 percent of the capital or more, the company must take one of the following steps:

1. decrease or increase the capital of the company; or

2. recommend liquidation of the company."

78) Article 78, paragraph Second of the Law is amended to read as follows: "The total amount of the bond issue must not exceed the company's capital."

79) Article 79 of the Law is amended to read as follows: "The company shall submit to the Registrar the general assembly's decision on the issuance of the credit bonds backed by an economic study stating the reasons for the issue, the fields in which the credit will be expended, and any other essential data. It shall be furnished to purchasers, subject to the liability in the second paragraph of Article 47 of this Law, unless the Registrar finds it materially misleading. In the latter case, it shall refer a matter within its jurisdiction to the competent state authority for the securities markets."

80) Article 80, paragraph Third of the Law is amended to read as follows: "Information on the company's financial condition and results of operations, including earnings."

81) Article 86 of the Law is amended to read as follows: "The general assembly in the joint-stock company shall meet at least once a year. In the other companies, it shall meet at least once every six months."

82) Article 87, paragraph Third of the Law is amended to read as follows: "The Registrar on its own initiative or at the request of the accounts controller."

83) Article 88, paragraph Second of the Law is amended to read as follows: "If the founders or the chairman of the board of directors in the joint-stock company or the managing director in the other companies fail to address the invitation to a meeting of the general assembly at the legally scheduled date, the Registrar shall address them directly to the members--in the case of the joint-stock companies-- by announcing that in the bulletin, two daily papers, and the Baghdad Stock Exchange Market and fixing the place and date of the meeting."

84) Article 88 of the Law shall be supplemented by a paragraph Third, to read as follows: "It shall be unlawful to manipulate notice of a meeting or dissemination of information concerning it in order to bias the outcome of its decisions."

85) Article 90 of the Law shall be amended to read as follows: "The meetings may be held at the company's head office or any other place in Iraq if necessary, provided inconvenience to the owners is minimized."

86) Article 91, paragraph Third, subparagraph 1 of the Law is suspended.

87) Article 92 of the Law is amended to read as follows: "First: The meeting of the general assembly shall be held with the attendance of the members owning the majority of subscribed shares whose installments have been paid, in the case of the joint-stock company; the majority of paid-up shares in the limited liability company; and the majority of quotas in the joint liability company. If a quorum is not reached, the meeting shall be postponed to the same day on the following week and in the same place. A quorum is considered attained in the second meeting if 25% of the number of such shares or quotas is represented. The company may apply to the Registrar for waiver of the 25% minimum if, in view of the agenda and other circumstances, the minimum requirement would disserve the interests of the owners generally. The company's contract may require more stringent conditions for a quorum.

Second: If the agenda calls for amending the company's contract, increasing or decreasing its capital, dismissing the chairman or a member of its board of directors; or deciding on its merger, transformation, sale of more than half its assets in a transaction outside its ordinary business, a transaction under paragraph Fourth of Article 56 or liquidation, the quorum required for the first meeting must be attained."

88) Article 93 of the Law is amended to read as follows: "In the case of the joint-stock company, the meeting of the general assembly must be attended by the representatives of the Registrar. It must also be attended by most members of the board. If representatives of the Registrar or board members fail to attend after being notified, the meeting can be held in their absence within half an hour after the scheduled time of the meeting. The representative of the Registrar will withdraw after confirming that a quorum is present unless his or her continued presence is requested by a shareholder."

89) Article 94, paragraph First of the Law is amended to read as follows: "Prior to the beginning of the meeting, the name of the participant in the meeting shall be recorded along with the number of the shares he or she owns or represents, provided he or she produces the certificate of the shares or the power of attorney if he or she represents a shareholder in the company. Share certificates submitted to a depository for book-entry transfer need not be presented, provided adequate evidence of ownership is furnished under the rules of the depository approved by the competent state authority for the securities market. The participant shall put his or her signature against the name of the shareholder he or she represents."

90) Article 98, paragraph Second of the Law is amended to read as follows: "Unless the company's contract requires a higher proportion, decisions on amending the contract of the company, increasing or decreasing its capital, selling more than half its assets in a transaction outside its ordinary business, approving a transaction under paragraph Fourth of Article 56, merging the company, transforming it, or liquidating it must be based on: the majority of the votes of the subscribed shares whose due installments have been paid, in the case of the joint-stock company; the majority of the votes of the paid-up shares at the time of calling the meeting, in the case of the limited liability company; and the unanimous vote of the quotas, in the case of the joint liability company. In the case of a tie vote in the limited liability

company, and the impossibility of obtaining a unanimous vote in the joint liability company, it is permissible to resort to the competent court to settle the matter. Decisions on other matters shall be made on the basis of the majority of the votes of shares or quotas represented in the meeting, unless the company's contract requires a higher proportion."

91) Article 101 of the Law is amended to read as follows: "In the sole owner enterprise, or a limited liability company having one owner, the owner replaces the general assembly and the provisions stipulated in this law, other than those pertaining to meetings, apply to him, her or it."

92) Article 102, paragraph Second is amended to read as follows: "Decide on the election of the representatives of shareholders from outside the state sector in the board of directors of the mixed company, and the representatives of all shareholders in the board of directors of the private joint stock company, as well as on their dismissal."

93) Article 102, paragraph Fourth is amended to read as follows: "Discuss the company's final accounts and approve them."

94) Article 102, paragraph Tenth is amended to read as follows: "Approve employment rules in the mixed joint-stock company as worked out by the board of directors."

95) Article 102, paragraph Tenth of the Law is amended to read as follows: "Approve employment rules in the mixed joint-stock company as worked out by the board of directors."

96) Article 103 of the Law is amended to read as follows: "First: The board of directors in the mixed joint stock company shall consist of seven original members who are chosen as follows:

1. Two members representing the state sector who are appointed under a decision by the competent minister or his deputy in the sector to which the company belongs, unless at the time of the selection, the state sector's share in the mixed company's capital exceeds 50%. In such a case, the competent minister or his deputy in the sector to which the company belongs shall appoint three members representing the state sector.

2. Five members representing shareholders from outside the state sector elected by the company's general assembly, unless at the time of the selection, the state sector's share in the mixed company's capital exceeds 50%. In such a case, the company's general assembly shall elect four members representing shareholders from outside the state sector.

Second: The board of directors in the mixed joint stock company shall have seven reserve members, who will be selected in the manner and ratio used in the case of the original members."

97) Article 104, paragraph First of the Law is amended to read as follows: "The board of directors in the private joint-stock company shall consist of not less than five and not more than nine original members to be elected by the company's general assembly."

98) Article 105 of the Law is suspended.

99) Article 108, paragraph First of the Law is amended to read as follows: "If a vacancy occurs in the membership representing the state sector in the board of directors, the council shall invite a reserve member--in the order of the reserve list in the sector--to fill the vacancy and attend the board meeting."

100) Article 110, paragraph First of the Law is amended to read as follows: "A person cannot be a member in the boards of directors of more than six companies at the same time. But, he can also assume the chairmanship of one or two other boards at the same time."

101) Article 113 of the Law is amended to read as follows: "The quorum shall be counted 30 minutes after the board has convened. It shall meet with the attendance of the majority of its members."

102) Article 114, paragraph Second of the Law is suspended.

103) Article 117, paragraph Fourth (chapeau portion) of the Law is hereby amended to read as follows: "Discuss and approve an annual plan for the company's activity in the following year. This plan must be prepared by the managing director during the last six months of the year in light of the company's aim. The plan shall include a full report on the company's activity and a draft budget outlining:"

104) Article 117 is supplemented by a new paragraph Eighth to read as follows: "The board of directors shall establish committees of its members to make recommendations as to (a) selection of the company's external, independent auditors (audit committee); and (b) compensation form and amount for the board and the managing director (compensation committee). Members of these committees shall not be officers or employees of the company nor holders of 10% or more of the company's shares, nor related to any of these by blood, marriage or personal or economic interest in a degree likely to materially bias their judgment. Any departure from the recommendation of such a committee, and the reasons for it, shall be announced at the general assembly and recorded in its minutes. The audit committee shall meet privately with the company's external auditors and have special responsibility for ensuring the accuracy and reliability of their work. It shall ensure that a record is kept in the course of the year of all material related-party transactions, within the meaning of international accounting standards, for discussion with the company's external auditors."

105) Article 119 of the Law is amended to read as follows: "First. It is impermissible for the chairman or a member of the board to have direct or indirect interests in deals that are concluded with the company, except after obtaining the permission of the general assembly with full disclosure of the nature and extent of such interests. The chairman or board

member shall be liable to the company for any damage to it arising from violation of this Article. Compliance with this Article shall not exclude liability under Article 4, paragraph Third.

Second. It is impermissible for the chairman or a member of the board to vote upon or participate in a matter in which he or she has direct or indirect interests without disclosing the nature and extent thereof to disinterested members and receiving the permission of a majority of them. If no members are disinterested, all may act. In either case, however, the details of the matter shall be recorded in the minutes of the board and made available to the general assembly and the company's external auditors."

106) Article 124 of the Law is amended to read as follows: "In the exercise of his jurisdictions and powers, the managing director is subject to the provisions of Articles 119 and 120 of this Law. In addition, the compensation of the five most highly compensated employees of the company, in whatever form received, shall be disclosed in writing to the general assembly."

107) Article 125 of the Law is amended to read as follows: "Control is aimed at guaranteeing that the company is applying the provisions of its contract and the law."

108) Article 127 of the Law is amended to read as follows: "First: A copy of the invitation to the general assembly meeting held to discuss the final accounts shall be sent to the Registrar. The following shall be attached to the invitation:

1. the annual list;

2. the final accounts for the previous year and the accounts controller's report on them; and

3. the managing director's report on the company's progress in implementing its plan for the previous year.

Second: In the case of the joint-stock company, the invitation shall be sent to the Registrar, along with the statements and reports mentioned in subparagraphs 1 and 2 of paragraph First in this Article as well as the board of directors' report on the company's progress in implementing its plan for the previous year. As for members, they have the right to obtain copies of the annual report and other statements and reports."

109) Article 128 of the Law is amended to read as follows: "The Registrar has the right to obtain any statements, clarifications or documents from the company in order to implement its duties under the law."

110) Article 133, paragraph First of the Law is amended to read as follows: "The accounts of the mixed company shall be subject to control and audit by the Financial Control Bureau. As for the accounts of the private company, they shall be subject to control and audit by auditors appointed by the company's general assembly. Accounts should be consolidated

with those of related companies in accordance with international accounting standards unless specifically modified by standards in force in Iraq."

111) Article 134, paragraphs First and Second of the Law are amended to read as follows:

"First: The significant contracts concluded by the company during the previous year and the businesses in which owners of 10% or more of the company's shares, the members of the board or the managing director had interests, including interests of their families, entities under their control and any other interest that would render the transaction a related-party transaction under international accounting standards insofar as permissible to apply these in Iraq.

Second: The results of operations (including earnings) and distribution of net profit."

112) Article 139 of the Law is amended to read as follows: "Copies of the final accounts, the annual plan, and the reports on them as well as the general assembly's decisions on them shall be sent to the Registrar."

113) Article 140, paragraph First of the Law is suspended.

114) Article 141 is amended to read as follows: "The Registrar has the right to appoint an inspector when necessary without asking the permission of any quarter. If the company believes that the Registrar has exercised its powers under this section for improper purposes, it may apply to the competent court to prove this and obtain an order restraining any improper action."

115) Article 142, paragraph Second of the Law is amended to read as follows: "The appointed inspector shall submit his or her report on the inspection to the Registrar, who shall send copies of the report to the company and the person making the claim referred to in Article 140."

116) Article 149, paragraphs First and Fourth of the Law are suspended.

117) Article 150, paragraph Third of the Law is amended to read as follows: "If, within 15 days of receiving them, the Registrar has not found that the decisions are inconsistent with the law, it will promptly issue its permission and inform the companies concerned of this decision; the companies will then cause it to be published in the Bulletin and one daily paper."

118) Article 150, paragraphs Fourth and Fifth of the Law are suspended.

119) Article 150, paragraph Sixth of the Law is amended to read as follows: "The companies receiving the Registrar's permission for their merger will call their general assemblies to a joint meeting within 60 days from the date of the publication of the merger decision in order to amend the contracts of the existing companies or draw up a new contract for the

merger company, depending on the circumstances. The contract shall be sent to the Registrar within 10 days for endorsement and publication in the bulletin and one daily paper."

120) Article 155, paragraph First of the Law is amended to read as follows:

"If, within 15 days of receiving them, the Registrar does not find that the transformation decision and the amended contract are inconsistent with the law, it shall promptly endorse the transformation decision and the amended contract. It shall also notify the company of the permission; the company shall publish the permission in the Bulletin and a daily paper."

121) Article 155, paragraphs Second and Third of the Law are suspended.

122) Article 158, paragraph First, subparagraph 1 of the Law is amended to read as follows: "If the general assembly decides to liquidate the company, or if any of the reasons stipulated in paragraphs First, Second, Third, and Fifth of Article 147 of this Law materialize and the general assembly recommends liquidation of the company, the company must appoint one or more liquidator, specify his or her jurisdictions and remuneration, and send the decision or recommendation to the Registrar."

123) Article 158, paragraph Second of the Law is suspended.

124) Article 159 of the Law is amended to read as follows: "The liquidation decision or recommendation shall be backed by reasons and sent to the Registrar within 14 days of its adoption. The latter has the right to request additional information or discuss matters with the company's general assembly to ascertain the reasons."

125) Article 160 of the Law is amended to read as follows: "If the Registrar has verified that the reasons for the liquidation are not fraudulent or unlawful, it shall issue the company's liquidation decision and appoint a liquidator within ten days of the verification. The Registrar shall communicate this information to the company; the company shall then cause the information to be published in the Bulletin and one daily newspaper."

126) Articles 161,162 and 169 of the Law are suspended.

127) Article 175, paragraph Fourth, shall be amended to read as follows: "Any sequestration of company funds after the initiation of the liquidation process shall not be valid except under a decision by the competent court, except for sequestrations that are carried in the interest of the state, the state sector or employees in order to pay their wages."

128) Article 178 of the Law shall be designated as Article 178, paragraph First, and the following paragraph Second shall be added:

"Second. Distributions to foreign investors in the company shall conform to CPA Order Number 39, section 12(2)."

129) Article 203 of the Law is amended to read as follows: "The company's contract is not considered valid until it has been endorsed by the Registrar in accordance with Article 19.

130) Article 204 of the Law is amended to read as follows: "It is permissible to object to the decisions of the Registrar before the Minister of Trade within 30 days from the date of notification. The Minister's decision may be appealed as provided in article 24 of this law."

131) Article 208 of the Law shall be designated as Article 208, paragraph First, and the following paragraph Second shall be added:

"Second. The Agency Registration Law No. 4 of 1999 shall be inapplicable to the registration of a company, and a company is not required to retain a commercial agent to register, though it may choose to do so. Furthermore, no certification of tax compliance or of the absence of tax delinquency shall be required for the registration of a company. The Minister of Trade is hereby authorized to issue instructions to coordinate the activities of the Registrar of Companies and the Chamber of Commerce regarding the registration and approval of commercial trade names, notwithstanding anything to the contrary in The Law on Establishment of Chambers of Commerce No. 43 of 1989."

132) Article 209 is amended to read as follows: "The fees for the paperwork pertaining to this law shall be charged in accordance with the chart attached to this law. The Ministry of Trade may amend the chart in accordance with changes in costs and to align the fees with processing costs. "

133) Article 211, paragraph First of the Law is amended to read as follows: "The branches and offices of foreign companies and establishments shall be subject to the provisions of CPA Order No.39 and regulations and administrative instructions issued thereunder."

134) Article 213, paragraph Second of the Law is amended to read as follows: "The punishment stipulated in paragraph First of this Article shall apply to every company branch or office that must be re-registered or liquidated, for every day of delay after the periods stipulated in regulations and administrative instructions issued under CPA Order No. 39."

135) Article 215 of the Law is amended to read as follows: "First: Anyone carrying out a business in the name of a joint-stock company, limited liability company, joint liability company, or sole owner enterprise without obtaining registration of its establishment shall be subject to a fine of not more than 3,000,000 dinars, while taking into consideration the severity of the violations and the provisions of paragraph First of Article 21 of this law.

Second: Anyone carrying out a business in the name of a branch or an office for a foreign company or economic establishment without obtaining the registration required shall be subject to the penalties provided in paragraph First of this Article unless otherwise provided in applicable legislation."

136) Article 216 of the Law is amended to read as follows: “Any company that does not prepare the records stipulated under this law shall be subject to a fine of not more than 10,000,000 dinars, depending on the severity of the violation.”

137) Article 217 of the Law is amended to read as follows: “Any company failing to submit the required statements and information to a competent official quarter at the times fixed under the provisions of this law shall be subject to punishment of a fine of not more than 300,000 dinars for every day of delay, depending on the severity of the violation.”

138) Article 218 of the Law is amended to read as follows: “Any company official who purposely gives inaccurate statements or information to an official quarter on the company’s business, results of operations, financial condition, member shares and quotas, or distribution of dividends shall be subject to punishment of imprisonment for a period of not more than one year, or a fine of not more than 12,000,000 dinars, or both, depending on the severity of the violation.”

139) Article 219 of the Law is amended to read as follows: “Any company official who bars a competent quarter from seeing the company's records and documents shall be subject to punishment of imprisonment for a period of not more than six months or a fine of not more than 12,000,000 dinars, or both, depending on the severity of the violation.”

Section 2
General Provisions

1) All references in the Law to “him,” “he” or “his” not specifically amended in this Order shall hereby refer to both male and female genders, and things, where appropriate.

2) All references to an “Iraqi Bank” not specifically amended in this Order are hereby amended to read: “bank authorized to operate in Iraq.”

3) All references in the Law to the "socialist sector" not specifically amended in this Order are hereby amended to read "state sector."

4) The increase of penalties in Section Three of Chapter VIII of the Law shall take effect 90 days from the date this Order enters into force.

5) The provisions of this Order requiring action by the general assembly or board of directors of a company shall be implemented within the later of (a) 90 days from the date this Order enters into force; or (b) the next meeting of the body concerned or the time of its next legally required meeting if it should fail to convene one. The reduction in state sector board members effected in Section 1, paragraph 91, of this Order shall occur at the end of the current terms of the members affected, as shall the elimination of members under paragraphs 91 and 92 of Section 1. The additional member allowed under Section 1, paragraph 91, to shareholders outside the state sector may, however, be elected at the next general assembly,

without regard to the possibility that this may increase the total number of directors above seven when allowing for an incumbent state sector member to finish his or her term.

6) Subject to such further rules as the competent state authority for the securities markets may adopt, references in the Law to the Baghdad Stock Exchange shall be deemed to mean a stock exchange authorized by law, and if there is more than one, the one most appropriate for obtaining the prices, effecting the sales or providing the notifications required. The provisions of article 66, paragraph Second of the Law shall apply with respect to any exchange authorized by law, subject to such further rules as may be adopted by the competent state authority for the securities markets.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

3/3/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

LAW No. 21 of 1997 (as amended in 2004)

In the name of God the merciful, the compassionate

The Republic of Iraq

In the name of the people

Company Law No. 21 of 1997

Chapter I: Main Rules

Section One: The Aims, Bases, and Validity Scope of the Law

Article 1: The objectives of this law are to.

1. organize companies;

2. protect creditors from fraud;

3. protect shareholders from conflicts of interest and related abuses by company officials, majority owners, and others with practical control over the affairs of the company; and

4. promote the provision of full information to owners in connection with decisions affecting their investment and their company."

Article 2: Suspended.

Article 3: This law applies to mixed and private companies and to all investors. Its provisions shall apply to banks to the extent they do not conflict with Coalition Provisional Authority (CPA) Orders including CPA Order No. 40 promulgating the Banking Law, CPA Order No. 18 prescribing Measures to Ensure the Independence of the Central Bank of Iraq, the Central Bank of Iraq Law No. 64 of 1976, as amended, and regulations issued under the foregoing orders. This law shall apply to securities transactions, financial investment companies and insurance and re-insurance companies to the extent it does not conflict with legislation applicable to these transactions and entities or the jurisdiction of the competent state authorities for those sectors. Decisions of the Registrar of Companies (hereinafter "Registrar") hereunder shall be based upon this law and not upon considerations of economic planning or development policy. Decisions by the Registrar shall not in general foreclose a claim

for compensation arising from violation of the law by an injured third party against those responsible for the violation.

Section Two: The Company in General
Sub-Section One: The Company's Contract and Owners' Mutual Obligations

Article 4: First: The company is a contract binding two or more persons. Each person shall subscribe to the economic project by a quota of the capital or service in order to share the resulting profit or loss.

Second: With the exception of the provisions of Paragraph First of this article:

1. A company may be established by one natural person in accordance with the provisions of this law. Such a company will henceforth be referred to as a "sole owner enterprise."

2. A limited liability company may be formed with one owner in accordance with the provisions of this law.

Third: Owners of capital in a company may not exercise their voting or other authority in the company to cause it to do or consent to acts that:

1. harm or disadvantage the company to benefit themselves or those associated with them at the expense of other owners of the company; or

2. jeopardize the rights of creditors by causing withdrawal of capital or transfer of assets when insolvency is imminent or when prohibited by law.

Article 5: The company shall acquire the corporate status in accordance with the provisions of this law.

Sub-Section Two: Types of Companies

Article 6: First: The mixed or private joint-stock company shall be formed by not less than five persons, who will participate in it by owning shares through public subscription and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Second: The mixed or private limited liability company shall be formed by no more than 25 natural or juridical persons, who will subscribe to its shares and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Third: The joint liability company shall be formed by not less than two and not more than 25 persons, each owning a quota of its capital. They shall jointly assume personal and unlimited responsibility for all of its obligations.

Fourth: The sole owner enterprise is a company formed by one person, who owns the one quota in it and assumes personal and unlimited responsibility for all of its obligations.

Article 7: First: The mixed company shall be formed by the agreement between one or more persons from the state sector and one or more persons from outside this sector. The state sector's share in the mixed company's capital must not initially be less than 25 percent. A mixed company may also be formed by two or more persons from the mixed sector. When the state sector's share falls below 25%, the company shall be treated as a private company, as permitted in article 8, paragraph Second, point 2.

Second: The mixed sector company can be a joint-stock company or a limited liability company.

Article 8: First: The private sector company shall be formed by the agreement between two or more persons from outside the state sector with private capital.

Second: With the exception of the provisions of Paragraph First of this article, it is permissible to:

1. Form a sole owner enterprise of one natural person or a sole owner limited liability company of one juridical or natural person.

2. Include the state sector in the private joint-stock company or limited liability company with a share of less than 25 percent of the capital. Those excluded from this percentage are: Government insurance and reinsurance companies, the Labor and Social Security Department, and any other investment quarter which the cabinet may add under this sub-paragraph.

Third: The private sector company can be a joint-stock company, a limited liability company, a joint liability company, a sole owner enterprise, or a simple company.

Article 9: First: The Financial Investment Company is a company organized in Iraq whose main activity is to direct savings toward investment in Iraqi financial securities, including shares, bonds, treasury bills and fixed deposits.

Second: The Financial Investment Company is considered one of the intermediary financial establishments for the purposes of Iraqi Central Bank Law No. 64 of 1976. The bank is the sectoral quarter, which will be concerned with its activity and exercise the authority of its supervision and control, in accordance with an ordinance which will be issued for this purpose within 180 days from the date of the publication of this law in the Official Gazette.

Article 10: First: Suspended.

Second: Companies engaging in any of the following activities must become joint-stock companies:

1. Insurance and re-insurance.

2. Financial investment.

Article 11: Any economic project, which is not covered under the provisions of Article 10 of this law can take the form of one of the companies stipulated in this law.

Section Three: Membership in the Company

Article 12: First: A juridical or natural person, foreign or domestic, has the right to acquire membership in the companies stipulated in this law as founder, shareholder, or partner, unless such person is banned from such membership under the law, or due to a decision issued by a competent court or authorized governmental body.

Second: Suspended. Third: Suspended.

Chapter II: Establishment of the Company

Section One: Requirements of Establishment

Article 13: The founders shall prepare a contract for the company which is signed by them or their legal representative. The contract shall contain at a minimum:

First: The company's name and corporate form, with the word "mixed" added if it is a mixed sector company, and any other acceptable elements.

Second: The company's head office, which must be in Iraq.

Third: The purposes for which the company is established and the general nature of the business to be transacted.

Fourth: Suspended. Fifth: The company's capital divided in quotas and shares.

Sixth: The method of distributing profits and losses in the joint liability company.

Seventh: The number of elected members in the board of directors of the private joint-stock company.

Eighth: The names of the founders and their nationalities, professions, permanent addresses, and the number of shares they own as well as their percentage of the capital.

Article 14: The founder of a limited liability company when there are no other founders, or the founder of a sole owner enterprise shall prepare a statement, which shall serve the purpose of a company contract and shall be subject to the provisions that are applicable to the contract whenever they occur in this law.

Article 15: The founders of the company shall subscribe to the company's capital in accordance with their agreed to contributions.

Article 16: First: The founders shall deposit the amounts of the company's capital specified in Article 28, paragraph First of this law with one or more banks authorized to operate in Iraq. It is permissible for the company capital to include contributions in kind as stipulated in Article 29 of this law.

Second: Suspended.
Third:

1. The joint-stock company's members, who must not be more than 100, shall elect from among themselves a committee which shall be called the "Founders Committee." The committee, which will consist of not less than three and not more than seven members, will undertake the following duties and tasks:

a. Conclude a contract with specialized and experience for the purpose of conducting an economic and technical feasibility study of the business to be carried out by the company.

b. Follow up on the procedures for establishing the company and submit the contract of association and the subscription document to the Registrar of Companies including the names, signatures, addresses, and nationalities of the founders as well as other requirements.

c. Disburse expenditures until the procedures for the establishment of the company are completed.

d. Open a joint account in the name of the committee with one or more banks authorized to operate in Iraq.

e. Keep the records, including the decisions that have been made and the duties and tasks that have been fulfilled.

f. Obtain a license, if necessary, for the project and conclude the necessary contracts for its establishment, following the issuance of the decision approving its establishment.

g. Prepare the founders' report, specify the establishment expenditures, and call a meeting of the General Assembly.

2. The Founders Committee's duties shall end with the election of the board of directors.

3. The members of the Founders Committee shall be jointly answerable to the founders.

Section Two: Establishment Procedures

Article 17: The application for establishment shall be submitted to the Registrar with the following attachments:

First: The company's contract.

Second: The subscription document of the joint-stock company signed by the founders.

Third: A statement from the bank or banks proving that the capital required in Article 28 has been deposited.

Fourth: The technical and economic feasibility study on the joint-stock company.

Article 18: Suspended.
Article 19: The Registrar shall approve the application unless it finds it contrary to a specific provision of this law and shall issue the approval or disapproval of the establishment application within 10 days from the date of receiving it. Except for joint stock companies, the certificate shall be issued at the time of the approval and shall be the evidence of the company's establishment. If the Registrar disapproves an application, it shall issue a written decision stating the reasons for its disapproval. In the case of a joint stock company, the Registrar shall issue a written notice of its decision at the time of approval or disapproval. No certificate shall be issued without payment of the applicable fee.
Article 20: Suspended.

Article 21: First:

1. The Registrar shall publish the decision approving the establishment of the company in the special bulletin published under the provisions of Article 206 of this law, which henceforth will be referred to as "the Bulletin.".

2. In the case of the joint-stock company, the certificate of establishment shall be issued after the public subscription to its shares and within 15 days from the date on which the founders submit the data stipulated in Article 46 of this law.

Second: Suspended.

Article 22: The company acquires corporate status from the date of the issuance of its establishment certificate. This certificate is considered proof of this status.

Article 23: A company which is established in Iraq in accordance with the provisions of this law is considered an Iraqi company.

Article 24: If the Registrar rejects the application for the establishment of the company, it must state in writing the legal provisions violated and the facts underlying each violation. The applicant for the establishment has the right to contest the Registrar's rejection before the Minister of Trade within 30 days from the date of notification. The Minister of Trade must consider the rejection within 30 days from the date of its submission. If the Minister also rejects the application, the applicant has the right to appeal the Minister's decision before the competent court within 30 days.

Article 25: The founders may submit a new application for the establishment of the company once the reason for its rejection has been eliminated.

Chapter III: The Company's Funds
Section One: The Capital

Article 26: The company's capital shall be specified in Iraqi dinars.

Article 27: The capital shall be allocated to carry out the business specified in the company's contract and to fulfill its obligations. It is impermissible to dispose of the capital in any other way.

Article 28: First: The capital of a joint stock company shall not be less than two million (2,000,000) dinars. The capital of a limited liability company shall not be less than one million (1,000,000) dinars. The capital of all other companies shall not be less than fifty thousand (50,000) dinars.
Second: A joint stock company's, liabilities may not exceed 300 percent of its total capital and other equity rights .

Section Two: Division of Capital
Sub-Section One: Division of Capital in the Joint-Stock Company and the Limited Liability Companies

Article 29: First: The capital of the joint-stock company and the limited liability company shall be divided into shares of equal cash value. The shares shall be indivisible.

Second: In the joint-stock company and the limited liability company, the capital may include shares that are offered in exchange for tangible or intangible in-kind property contributions by one or more of the founders.

1. In the case of a joint stock company, property-in-kind shares shall be evaluated by a committee approved by the Registrar as to expertise and objectivity, and including experts in law, accounting and the company's line of business.

2. In the case of the mixed joint-stock company, the committee established pursuant to sub-paragraph 1 of this paragraph shall submit its report to the Registrar within 60 days from the date of its formation. The Registrar shall submit its report to the Financial Control Bureau for endorsement within 30 days from the date of its submission. In the case of non-approval, the Registrar shall return the report to the committee established pursuant to subparagraph 1 for further consideration.

3. In the case of the private joint-stock company, all founders shall agree on the value of property-in-kind shares as assessed in the

manner stipulated in sub-paragraph 1 of this paragraph. A joint-stock company’s or limited liability company's contract must state the type of property-in-kind share and its value as approved by the rest of the founders, the name of the founder who offered the share, and the percentage of his contribution to the capital through this share. The founder offering the property-in-kind shall be accountable to any person for its assessed and accepted value. If it is proven that the assessed value is less than the actual value, he or she must pay the difference in cash to the company. The other founders may also be asked to cooperate in paying the difference.

4. In the case of the joint-stock company, the committee's report must be submitted to the constituent meeting of its general assembly, provided the founders deposit the aforementioned report with the quarter conducting the subscription so the subscribers can read it. And, if the assessment is higher, the subscriber of the property-in-kind share must pay the difference in cash. The other founders may also be asked to cooperate in paying this difference.

Article 30: The nominal value of the share shall be one dinar. It should not be issued higher or lower than that except as provided in Articles 54 through 56.

Article 31: Suspended.
Article 32: First: Suspended. Second: Suspended. Third: It is impermissible for the Investment Company to invest more than 5 percent of its capital in the shares of any company. It is also impermissible for it to own more than 10 percent of the capital of any company, while taking the previous percentage into consideration. Its cash liquidity must not, at any time, be less than 10 percent of the paid-up capital.

Article 33: The shareholder is answerable to the company's debts to the extent of the nominal value of the shares he owns.

Sub-section Two: Division of capital in the Joint Liability Company and the Sole Owner Enterprise

Article 34: The capital of the joint liability company is divided into quotas among the partners according to the company's contract. The sole owner enterprise consists of one quota.

Article 35: Whoever has a share in the joint liability company or the sole owner enterprise assumes personal and unlimited responsibility for the debts of the company. His responsibility is collective in the joint liability company.

Article 36: If the company becomes insolvent, every partner in it becomes insolvent.

Article 37: First: The creditors of a joint liability company may take legal action against the company or any partners who were members when the obligation occurred. The partners are obligated to honor the joint liability. It is impermissible to sequester the partner's funds before warning the company.

Second: The creditors of a sole owner enterprise may take legal action against it or the owner of the quota in it. His or her funds shall be considered as a guarantee for debts on the enterprise. It is permissible to seize his or her funds without warning the enterprise and in accordance with applicable legal procedures.

Section Three: Public Subscription in the Capital

Article 38: Public subscription shall take place in the capital of a joint-stock company only.

Article 39: First: The founders in the mixed joint-stock company shall subscribe by not less than 30 percent and not more than 55 percent of its nominal capital, and this should include the minimum 25 percent fixed for the state sector.

Second: At the establishment of the company, the founders in the private joint-stock company shall subscribe by not less than 20 percent in its nominal capital.

Third: The remaining shares shall be offered for public subscription within 30 days from the date of the approval of the establishment of the company in a statement issued by the founders and published in the bulletin and at least two daily papers, after obtaining the approval of the Registrar, which shall be granted within that time unless the Registrar finds the registration materials submitted would be materially misleading to investors. In the latter case, it shall refer a matter within its jurisdiction to the competent state authority for the securities markets.
The statement shall include the following:

1. The text of the company's contract.

2. The number of shares offered for subscription, the value of each share, and the sum which must be paid toward each share.

3. The minimum and maximum number of shares one can subscribe for.

4. The place and period of subscription.

5. The expenses of the establishment of the company.

6. The contracts and agreements which the founders have undertaken in the interest of the company.

7. Any other information which the founders may want to add.

8. The report of the committee formed under Paragraph Second of Article 29 of this law in the case of the existence of a property-in-kind share.

Fourth: Founders shall not subscribe to the shares while they are being offered for public subscription, except after the end of 30 days from the beginning of the subscription or during the extended period stipulated in Article 42 of this law.

Article 40: The founders are jointly responsible for any damages caused to any subscriber due to an error or shortcoming in the subscription statement.

Article 41: First: The subscription shall take place in a bank authorized to operate in Iraq in a form bearing the name of the company and containing the following:

1. The request to subscribe to a specific number of shares.

2. The subscriber's approval of the company's contract.

3. The subscriber's name, address, profession, and nationality.

4. Any other information which the founders may want to add.

Second: The form shall be submitted to the party handling the subscription signed by the subscriber or his legal representative. The required payment shall be paid against a receipt.

Third: The subscriber shall be given a copy of the company's contract and its technical and economic feasibility study, subject to Section 47, paragraph Third of this law.

Article 42: The subscription period shall not be less than 30 days or more than 60 days. If the subscription period expires without the subscribed shares reaching 75 percent of the nominal capital, including the shares owned by the founders, it is permissible to extend it for a further period of not more than 60 days. The founders shall again publish the subscription statement and make the extension announcement.

Article 43: First: If the subscription does not reach 75 percent of the nominal capital at the end of the extension period, the founders must decrease the company's capital, so that the value of the subscribed shares will be equal to 75 percent of the decreased nominal capital, unless the founders cancel the establishment of the company. The founders shall inform the Registrar of such a decision.

Second: Suspended. Third: If it is decided to cancel the establishment of the company under the provisions of Paragraph First of this article, the founders shall notify the bank and jointly bear the expenses for establishing the company. The bank handling the subscription shall return the money paid by all subscribers in full upon notification and within a period of not more than 30 days.

Article 44: First: The bank shall be responsible for the soundness of the subscription process and undertake the following:

1. Close the subscription at the end of its period, announcing the closure in two daily papers, and also notify the Founders Committee.

2. Keep all the money received from the subscribers and not give any to the founders.

3. Return any surplus funds to the subscribers within 15 days from the distribution of the shares among the subscribers in accordance with Paragraph Second of this article.

Second: If it transpires after the closure of the subscription that the shares offered have been over-subscribed, the shares must be distributed among the subscribers according to the percentage of subscription allotted for each subscriber..

Article 45: First: Any person whose lawful rights would be infringed by violations of the subscription rules, the Registrar and the competent state authority for the securities market has the right to contest the soundness of the subscription process before the competent court and ask for its cancellation within 15 days from the closure of the subscription. The court must examine such cases urgently. The court's decision can be

contested before the court of appeal, which shall sit as a court of cassation, and its decision in this capacity shall be final.

Second: If the subscription is ruled to be in violation of the law, the founders must carry it out anew.

Article 46: The founders shall, within 30 days from the end of the period for contesting the subscription, provide the Registrar with all data on the subscription process, including the names of subscribers, the number of shares subscribed by each one of them, their addresses, professions, nationalities, and the sums they paid against the value of the shares.

Article 47: First: Once the company has been established and some shares are still not subscribed for, the board of directors may, after six months from the date of the issuance of the establishment certificate, pursue one of two courses:

1. Sell those shares in the Baghdad Stock Exchange market; or

2. place the shares for public subscription in accordance with the procedures followed during the constituent subscription.

Second: If the shares are not sold in the market or subscribed by the public, the company's nominal capital shall be decreased by the value of the unsold shares.

Third: The company shall be liable for materially misleading assertions or omissions in sales or subscriptions as shall be its responsible directors, employees and agents.

Section Four: Payment of Capital

Article 48: First: In the joint-stock company, the subscription shall require payment in full for issued shares. Unpaid shares already outstanding under previous law shall be governed by this Article.Second: Suspended. .

Third: The outstanding installments are considered a privileged debt which must be paid to the company. A deferment interest of not less than 5 and not more than 7 percent shall be charged on the debt annually for any delay in paying the installment on the date set by the board of directors. No dividends shall be paid on the debt.

Fourth: The company shall continue to withhold the dividends due to the shareholder in order to cover the value of the overdue installments and

the interest on them until all installments and their interest have been paid.

Article 49: If the shareholder does not pay the installment on his shares on the set date without a legitimate reason, the board of directors may take steps to sell those shares as follows:

First: The company shall notify the shareholder in two daily papers, the bulletin, and the Baghdad Stock Exchange Market, to pay the overdue installment within 30 days from the date of publication. The notification shall state the number of shares he owns and the amount of the installment which must be paid and its due date.

Second: If the shareholder does not pay the installment within the above respite, the company shall offer his shares for sale by public auction in the Baghdad Stock Exchange Market.

Third: The company shall announce the sale in the bulletin, one daily paper, and the Baghdad Stock Exchange Market, its date and place, and the number of shares offered for auction, provided the period between the announcement and the sale is not more than 15 days.

Fourth: The shareholder whose shares have been announced for sale can pay the debt up to one day before the auction date. In such a case the sale will be canceled and the shareholder will bear all the company's expenses on the sale procedures.
Fifth: The shares shall be sold at the highest price reached at the auction. The company shall deduct from this price its debts, including the installments, the interest, and the expenses, and return the remainder to the shareholder. But, if the price of the sold shares does not cover the debt, the company shall obtain the difference from the shareholder.

Sixth: The company's records on the sale shall be considered correct unless they are proven otherwise.

Article 50: The subscriber to the joint- stock company shall be given--after paying all due installments and producing the receipts as proof--a temporary certificate with a serial number signed by an authorized person in the company. The certificate shall state the name of the shareholder, the number of shares he owns, the amount paid toward their value, and the remaining installments and their due dates. The installments paid shall be ticked in this certificate.

Article 51: Every shareholder in a limited liability company and every subscriber who has fully paid the value of his shares in a joint-stock company shall be given a permanent certificate including the data

contained in the temporary certificate, plus a declaration that the shares have been paid. Any temporary certificate should be cancelled.

Article 52: The shareholder may pay one or more installments toward the value of his shares before their due date. In such a case, they will be considered as still due even if the same installments have not yet been paid by the other shareholders. No dividends will be paid for installments which are paid before their due date.

Article 53: In the case of the limited liability company, the joint liability company, and sole owner enterprise, the capital must be paid up before the issuance of the certificate of establishment.

Section Five: Increase and Decrease of Capital
Sub-Section One: Increase of Capital

Article 54: First: A company may increase its paid-up capital.

Second: In the joint-stock company and the limited liability company, the increase of capital must be in accordance with a general assembly decision to amend the contract and issue new shares.
Third: Suspended.
Fourth: The Registrar shall within fifteen days of a lawful request approve the increase. The Registrar shall be deemed to approve the increase, and to give notice of the approval, unless it rejects the request, giving the legal and factual basis for the determination in writing.

Article 55: The general assembly of the joint-stock company and the limited liability company may cover the increase in the capital by any of the following methods:

First: Issuing new shares whose value is paid in cash.

Second: Transferring funds from the accumulated surplus or the issuance allowance reserve into shares to be distributed among the shareholders in the ratio of their subscription to the capital.

Third: Withholding part of the company's profits as a reserve for expanding and developing the enterprise instead of distributing them as dividends. When this reserve is added to the capital and new shares equivalent to it are issued, the shares shall be distributed among shareholders in the ratio of their subscription to the capital.

Fourth: In cases where the shares will be offered in exchange for cash, such decision must specify the number of shares to be issued and the price at which they will be offered for sale or the means of establishing

that price. Shares may be offered at a price equal to or greater than their nominal value in accordance with the general assembly's decision and priced in light of the company's performance and, where applicable, the prices of its shares in the Baghdad Stock Exchange market. The proceeds reflecting the difference between the issue price and nominal price, which is considered issuance allowance, shall be recorded in the account of the issuance allowance reserve, after deducting all issuance expenses. This reserve may not be distributed as profits. In the case of the joint-stock company, the company shall submit to the Registrar a decision by its general assembly to increase the capital, backed by an economic study giving the justifications for this increase and the fields in which it will be expended, as well as any other essential data. It shall be furnished to purchasers, subject to the liability in the second paragraph of article 47 of this law, unless the Registrar finds it materially misleading. In this case, it shall refer a matter within its jurisdiction to the competent state authority for the securities market.

Article 56: First: In the joint-stock company, the new shares must be placed for public subscription within 30 days from the date on which the company is notified of the Registrar's approval of the increase in the capital. The subscription shall remain open for a period of not less than 30 days and not more than 60 days, which may be renewable once for a similar period, provided the value of the shares is paid during subscription. The increase in the capital is achieved by the number of shares subscribed and paid up on the closure of the subscription. Otherwise, and in so far as it does not conflict with the nature of the increase in the capital, the original provisions on subscription shall be applied on the new shares, including the provisions of Articles 44 and 47 of this law.

Second: In the limited liability company, the value of the new shares must be paid within 30 days from the issuance of the general assembly's decision to increase the capital. The increase is achieved by the number of shares whose value is paid up at the end of the period.

Third: Every shareholder has the priority to buy shares at the subscription price proportional to the number of the shares he owns. Shareholders shall be allowed to exercise this right within a period of 15 days from the date they are invited to do so. The invitation must state the beginning and end of the subscription period and the nominal value of the shares. If some shares are not subscribed after the period stipulated in paragraph First of this Article, the board of directors may place the shares for sale in the Baghdad Stock Exchange market in the manner it deems suitable.

Fourth. In the case of banks increasing capital by a sale of shares for cash, the company may issue shares without public subscription and/or

without offering existing shareholders the right to participate, provided the following conditions are met:

1. The issuance is approved by a majority of the votes of the subscribed shares whose due installments have been paid; and
2. The Central Bank of Iraq concurs that the sale is for fair value, in view of all the circumstances, and is fair to shareholders not entitled to participate, in view of the benefit to the company as whole.

Article 57: In the case of the joint liability company and sole owner enterprise, the increase of the capital occurs in accordance with a decision by the general assembly to amend the contract, provided the increase is paid within 30 days from the date of the issuance of the decision.

Sub-section Two: Decrease of Capital

Article 58: A company may decrease its capital if it exceeds its needs or incurs losses. A decrease in capital that is part of an arrangement to achieve a net increase in capital through additional investments shall not be subject to the requirements in Article 59, paragraph Third, and Articles 60-63.

Article 59: First: In the case of the joint stock company and the limited liability company, the capital is decreased by canceling shares which are equivalent in value to the sum to be deducted from the capital. The cancellation shall be in the ratio of each member's subscription in the company, to the nearest correct share.

Second: The decision to decrease the capital shall be made by the company's general assembly which shall state the reasons for the decrease.

Third: After making the decision on the decrease, the following steps shall be taken:

1. The chairman of the board of directors in the joint-stock company and the managing director in the limited liability company shall refer the decision on the decrease to the Registrar coupled with a certified statement by the chief accountant including the company's debts and the names and addresses of the creditors, as well as an economic and technical study on the reasons for the decrease.

2. Suspended.

3. If the Registrar finds the decrease lawful, it shall announce the approval in the bulletin and two daily papers. It shall also give every creditor to or claimant on the company the right to object to the decision on the decrease within 30 days from the date of the publication of the announcement.

Article 60: First: If an objection is made during the legal respite by a creditor to or a claimant on the company, the Registrar must seek an amicable settlement of the objection in the manner he deems suitable within 30 days from the end of the objection period.

Second: If the Registrar is unable to settle the objection, he must refer it with all the pertinent documents and papers to the competent court within 15 days from the end of the amicable settlement period. The examination of such objections is an urgent matter.

Article 61: First: If the court reaches a settlement on the objections, or if it is satisfied that the assurances given by the company are adequate, it shall issue its decision supporting the decision on the decrease. But, if a settlement is not reached on the objections and the assurances given by the company are not adequate, the court shall decide on canceling the decrease or approving only a partial decrease that does not adversely affect the rights of the objectors. Its decision shall be final.

Second: Irrespective of the decision made by the court, the company must deposit a copy of the decision with the Registrar within 15 days of its issuance.

Article 62: If there is no objection to the decision on the decrease, or the decision has been signed and settled before the Registrar or the court, the company's contract shall be considered amended by law. A copy of the amendment shall be sent to the Registrar for registration and publication in the bulletin and one daily paper.

Article 63: In the case of the joint liability company and the sole owner enterprise, any decrease of the capital must take place through a decision by the general assembly to amend the contract. .

Section Six: Disposal of Shares and Quotas
Sub-section One: Transfer of Ownership

Article 64: In the case of the joint-stock company and the limited liability company, the shareholder may transfer ownership of his shares to another

shareholder or outsiders, while bearing in mind the following considerations:

First: Founders of joint-stock companies may not transfer ownership of their shares except in the following situations:

1. The lapse of at least one year since the establishment of the company.

2. The distribution of dividends that are not less than five percent of the paid up nominal capital.

Second: Suspended.
Third: The shareholder from the private sector cannot transfer ownership of his or her shares:

1. If they are mortgaged, seized, or sequestered under a court decision.

2. If their certificate is lost and a replacement has not been issued.

3. If the shares to be transferred owe debts to the company.

4. If the transferee is prohibited to own shares in the company under a law or a decision issued by a competent quarter.

Article 65: Shareholders in a limited liability company prefer to sell their shares to outsiders. If a shareholder wishes to sell his or her shares, he or she must follow the following steps:

First: The seller must notify the other shareholders through the managing director of his desire to sell his or her shares. He or she must mention the number of shares, the number of their certificate, and the price he wants or that has been offered by a buyer supported by evidence.

Second: If after 30 days of notification, none of the other shareholders have come forth to buy the shares, or have offered a price lower than the required one, the buyer shall be free to sell his or her shares to others at a price higher than the one offered by the shareholders. If he sells the shares at the lower price offered by the shareholders, the sale shall be considered null and void.

Third: If several shareholders want to buy the shares at the same price, the shares shall be divided among them in the ratio of their subscription, to the nearest correct share.

Article 66: First: The sale of shares in a joint-stock company or a limited liability company shall take place at a meeting between the seller and the buyer, or their legal representatives, in the presence of the representative of the managing director. A contract shall be made mentioning the names of the seller and the buyer and their addresses, the number of the certificate of the shares, the date of the transaction, the price, a statement from the seller that he received the price, and a pledge by the buyer that he approves of the company's contract. The transaction contract shall be recorded in the company's special register for transferred shares along with the signatures of the contractors and the representative of the company. Any transaction that is concluded outside the board shall be considered null and void and shall not be recorded in the company's register.

Second: Ownership of shares in the joint-stock companies trading in the Baghdad Stock Exchange market shall be transferred in accordance with the market's by-laws and the guidelines issued on its basis.

Article 67: If an Iraqi shareholder in a joint-stock company or a limited liability company dies, the ownership of the shares shall revert to his or her heirs in accordance with the ratios specified by the Shari'a law. In cases in which the shareholder is a citizen of another country, the shares shall revert to the shareholder's heirs in accordance with the applicable law of that country. In each case, the following shall be taken into consideration:

First: If the heir is prohibited to own shares in the companies or has received more than the maximum limit of shares allowable under the law, he or she must take steps to transfer their ownership within 90 days from the date they become transferable. If he or she fails, the board of directors in the joint-stock company and managing director in the limited liability company shall announce their sale through public auction.

Second: If the distribution of shares among the heirs will result in an increase in the number of partners in the limited liability company over the number set by the law, the shares shall be considered a joint ownership by the heirs in accordance with the ratios specified under applicable inheritance law and considered as one person. In such a case, one of the heirs will represent the rest before the company. They shall be asked to choose this representative within 60 days from the date of the registration of the shares in the company's ledger.

Article 68: Any transfer of ownership of shares other than through the sale method must be recorded in the company's register on the basis of a decision issued by the competent court.

Article 69: First: In the joint liability company, the partner may transfer ownership of his share of the capital to another partner. It is impermissible to transfer ownership to outsiders without the unanimous approval of the general assembly. In all cases, this is done by amending the company's contract.

Second: In the sole owner enterprise, the owner can transfer ownership to another person by amending the company's statement. If it is to be transferred to more than one person, or if only a part of the ownership is to be transferred, this can be done only by changing the enterprise into another type of company, such as those stipulated in this law.

Article 70: First: If a partner in a joint liability company dies, the partnership shall continue through his heirs. But, if the heir, or his legal representative if he is underage, or the other partners in the company object to that; or if that is prevented by any legal obstacle, the company shall continue among the remaining partners. The heir shall get only the share of his inheritor. This share shall be determined on the basis of its value on the day of the death and shall be paid in cash. The heir shall not have any rights on the company afterward except those resulting from operations prior to the death. In all cases, the company's contract must be changed to a sole owner enterprise, if only one partner remains.

Second: If the owner of the single quota in the sole owner enterprise dies and he has several heirs wishing to join the enterprise and there is no legal objection to that, the enterprise must be changed to any of the types of companies stipulated in this law.

Third: If a partner becomes insolvent or if his assets in the joint liability company are sequestered, the company shall continue among the remaining partners and the share of the insolvent and sequestered partner shall be liquidated. His share shall be assessed on the basis of its value on the day the insolvency or sequestration ruling is issued. He shall not have any rights on the company, other than those resulting from operations prior to the insolvency or sequestration. In all cases, the company's contract must be changed in accordance with its new condition or transformed into a sole owner enterprise, if there is one owner left.

Sub-Section Two: Mortgage and Sequestration of Shares and Quotas

Article 71: First: It is permissible to mortgage shares owned by the private sector in a joint-stock company or a limited liability company, provided the mortgage contract is recorded in the company's special register. The mortgage will only be deleted from the register after the mortgagee acknowledges its release, or after the competent court has issued its decision on it.

Second: It is impermissible to mortgage quotas in the capital of a joint liability company, sole owner enterprise, or a simple company.

Article 72: First: It is permissible to sequester the shares owned by the private sector in a joint-stock company or limited liability company as a security against a debt on their owner, provided the sequestration decision issued by a competent quarter is recorded in the company's special register. The sequestration will only be deleted from the register after a decision by a competent quarter.

Second: It is impermissible to seize the quotas in the capital of a joint liability company, simple company or a sole owner enterprise except against a privileged debt. It is permissible to seize its dividends.

Section Seven: Profits and Losses

Article 73: The company's net profit shall be distributed after making all the legal deductions as follows:

First: At least five percent as compulsory reserve until it reaches 50 percent of the paid-up capital. It is permissible under a decision by the general assembly to continue deducting for the compulsory reserves even if it exceeds 100 percent of the paid-up capital. .

Second: The remainder of the profit or part of it shall be distributed among the members according to their quotas or shares.

Article 74: First: The reserve shall be used for the purposes of expanding and developing the company's business, and improving the conditions of its workers, participating in projects relevant to the company's activity, and contributing to the protection of the environment and social welfare programs. Dividends shall not be distributed from the reserve.

Second: The reserve shall be used to meet the company's debts, provided they do not exceed 50 percent of the reserve. Any increase over that limit shall be subject to the approval of the Registrar. .

Article 75: The losses of the joint liability company shall be divided according to the ratios stipulated in its contract which are similar to the ratios for the distribution of profits.

Article 76: First: If the company's losses amount to 50 percent of its capital or more, it must notify the Registrar within 60 days from the day the losses are established in the balance sheet.

Second: If the losses amount to 75 percent of the capital or more, the company must take one of the following steps:

1. decrease or increase the capital of the company or

2. recommend liquidation of the company.

Section Eight: Credit Bonds

Article 77: The joint-stock company can seek a loan by issuing nominal bonds in accordance with the provisions of this law and inviting the public to buy these bonds. The subscriber shall be issued bonds against the sums of money he loans to the company. He has the right to charge an interest, which shall be paid to him at fixed periods. The value of the bonds shall be re-paid from the company's funds. These bonds will be of one nominal value. They will also be exchangeable, but not divisible. Each bond issue will have separate serial numbers and shall be stamped with the company's seal.

Article 78: It is impermissible to issue credit bonds before meeting the following conditions:

First: The company's capital must be fully paid.

Second: The total amount of the bond issue must not exceed the company's capital.

Third: The general assembly's approval of the issuance on the recommendation of the board of directors must be obtained in advance.

Article 79: The company shall submit to the Registrar the general assembly's decision on the issuance of the credit bonds backed by an economic study stating the reasons for the issue, the fields in which the credit will be expended, and any other essential data. It shall be furnished to purchasers, subject to the liability in the second paragraph of Article 47 of this Law, unless the Registrar finds it materially misleading. In the latter case, it shall refer a matter within its jurisdiction to the competent state authority for the securities markets.

Article 80: The invitation to subscription to the credit bonds shall be published in the bulletin and two daily papers and shall include the following details, which shall also be noted in the credit bond upon its issuance:

First: The company's name and capital.

Second: The date of the general assembly's decision approving the issuance of the credit bonds.

Third: Information on the company's financial condition and results of operations, including earnings.

Fourth: The rate of interest and its due dates.

Fifth: The value of the issue, its maturity date, and nominal value of each bond.

Sixth: Method and duration of subscription and method of payment.

Seventh: Maturity dates of the nominal bonds.

Eighth: Purpose of the loan.
Ninth: Guarantees of re-payment.
Tenth: Credit bonds previously issued by the company.

Eleventh: Any other details and information.

Article 81: The bank undertaking the subscription process for the credit bonds must close the subscription at the end of its period, or once all bonds have been subscribed and announced in two daily papers. It shall then immediately provide the Registrar with the full information on the subscription process, including the names of subscribers; the number of bonds subscribed by each of them; their addresses, professions, and nationalities; the sums paid; and the value of the bonds.

Article 82: First: The subscriber to the credit bonds has the right to contest before the competent court the soundness of the subscription process and ask for cancellation of the payment if the company did not comply with the procedures for the issuance of bonds or the subscription to them, or if it invited subscription seven days before the closing date. The court must consider the appeal urgently. Its decision can be appealed before the court of appeal, which shall sit as a court of cassation, and its decision in this capacity shall be final.

Second: If the court decision is to cancel the subscription to the credit bonds, the bank must, as soon as it is notified of the cancellation, return the money to the subscribers in full within a period of not more than 30 days.

Article 83: The company shall sell the outstanding bonds in the Baghdad Stock Exchange Market at less than the nominal value.

Article 84: The debtor company must re-pay the value of the credit bonds in accordance with the conditions set during or before the issuance. It is impermissible to delay the maturity date.

Chapter IV: The Company's Management

Section One: The General Assembly
Sub-Section One: The Formation of the General Assembly and its Meetings

Article 85: The general assembly shall consist of all the members of the company.

Article 86: The general assembly in the joint-stock company shall meet at least once a year. In the other companies, it shall meet at least once every six months.

Article 87: The invitation to a meeting of the general assembly shall be issued by one of the following bodies or persons:

First: The founder of the company for the purpose of holding the constituent meeting within 30 days from issuance of the company's certificate of establishment.

Second: The chairman of the board of directors of the joint- stock company under a decision by the board, and the managing director in other companies; or at the request of company members who own not less than 10 percent of its paid-up capital.

Third: The Registrar on its own initiative or at the request of the accounts controller.

Article 88: First: In the case of the joint-stock company, the invitation to attend a meeting of the general assembly must be announced in the bulletin, two daily papers, and the Baghdad Stock Exchange Market. The invitation in the case of the other companies shall be sent out in registered letters through the members' postal addresses or by informing them through the company's administrative office. The invitation shall fix the place and date of the meeting. The period between the date of the invitation and the day of the meeting must not be less than 15 days.

Second: If the founders or the chairman of the board of directors in the joint-stock company or the managing director in the other companies fail to address the invitation to a meeting of the general assembly at the legally scheduled date, the Registrar shall address them directly to the members--in the case of the joint-stock companies-- by announcing that

in the bulletin, two daily papers, and the Baghdad Stock Exchange Market and fixing the place and date of the meeting.

Third: It shall be unlawful to manipulate notice of a meeting or dissemination of information concerning it in order to bias the outcome of its decisions.

Article 89: Every invitation to a meeting of the general assembly must include the agenda of the meeting. It is impermissible to overlook the agenda during the meeting unless it is proposed by the representatives of at least 10 percent of the company's capital and approved by the majority of the voices represented in the meeting and the unanimity of all the members in the joint liability company. The provisions stipulated in Paragraph Second of Article 92 of this law are excepted.

Article 90: The meetings may be held at the company's head office or any other place in Iraq if necessary, provided inconvenience to the owners is minimized.

Article 91: First: The member may, under a certified power of attorney, appoint a proxy to attend, speak, and vote on his behalf in the meetings of the general assembly. He can also appoint another member for this purpose.

Second: The Registrar shall issue guidelines specifying the form to be used for the power of attorney, its contents, and the method of its preparation.

Third: In the case of the joint-stock company:

1. Suspended.
2. The representational power of attorney must be deposited at the company's administrative office at least three days before the meeting. The company's administrative office shall check them to make sure that they are correct. The power of attorney will remain valid for any other meeting to which the first is adjourned.

Article 92: First: The meeting of the general assembly shall be held with the attendance of the members owning the majority of subscribed shares whose installments have been paid, in the case of the joint-stock company; the majority of paid-up shares in the limited liability company; and the majority of quotas in the joint liability company. If a quorum is not reached, the meeting shall be postponed to the same day on the following week and in the same place. A quorum is considered attained in the second meeting if 25% of the number of such shares or quotas is represented. The company may apply to the Registrar for waiver of the

25% minimum if, in view of the agenda and other circumstances, the minimum requirement would disserve the interests of the owners generally. The company's contract may require more stringent conditions for a quorum.

Second: If the agenda calls for amending the company's contract, increasing or decreasing its capital, dismissing the chairman or a member of its board of directors; or deciding on its merger, transformation, sale of more than half its assets in a transaction outside its ordinary business, a transaction under paragraph Fourth of Article 56,or liquidation, the quorum required for the first meeting must be attained.

Article 93: In the case of the joint-stock company, the meeting of the general assembly must be attended by the representative of the Registrar. It must also be attended by most members of the board. If representatives of the Registrar or board members fail to attend after being notified, the meeting can be held in their absence within half an hour after the scheduled time of the meeting. The representative of the Registrar will withdraw after confirming that a quorum is present unless his or her continued presence is requested by a shareholder.

Article 94: First: Prior to the beginning of the meeting, the name of the participant in the meeting shall be recorded along with the number of the shares he or she owns or represents, provided he or she produces the certificate of the shares or the power of attorney if he or she represents a shareholder in the company. Share certificates submitted to a depository for book-entry transfer need not be presented, provided adequate evidence of ownership is furnished under the rules of the depository approved by the competent sectoral quarter for the securities market. The participant shall put his or her signature against the name of the shareholder he or she represents.

Second: A member of the board of directors shall be entrusted with recording the names of the participants in the meeting. The board shall be responsible for what is recorded in the minutes.

Third: The participant shall be given a card to enable him to join the meeting. The card shall state number of votes he is allowed to cast.

Article 95: First: The meeting shall be headed by the chairman of the board of directors or the chairman of the Founding Committee in the case of the joint-stock companies--and the managing director in the other companies-- until the president of the general assembly is elected.

Second: The chairman of the meeting shall choose from among the participants a reporter to record the minutes and a controller to establish the quorum and collect the votes.

Third: The quorum must be established within 30 minutes from the start of the meeting. If the chairman of the meeting finds that the quorum has been attained, he shall declare the meeting open and call for electing the president of the general assembly.

Fourth: The elected president shall assume his responsibilities immediately after being elected. He will immediately call for a discussion of items in the order in which they are listed in the agenda.

Article 96: First: The meeting's discussions, proposals, and decisions, including the conflicting opinions shall be recorded in the special minutes book. The minutes shall be signed by the president of the general assembly, the reporter, the controller, and the representative of the Registrar if present. It shall be stamped with the company's stamp and a copy shall be sent to the Registrar.

Second: The general assembly's decisions shall be recorded in a special record book, stamped with the company's seal, and signed by the president of the general assembly.

Third: Any member of the general assembly has the right to contest the soundness of the meeting's procedures-from the date of the issuance of the invitations to the meeting to the date of the issuance of the decisions--before the Registrar within three days after the end of the meeting. The Registrar must consider the context within seven days from the date of its submission. He has the power to cancel those procedures, if they conflict with the law, and compel the company to repeat the procedures. His decision in this respect is final.

Article 97: First: In the joint-stock company and the limited liability company, every shareholder shall have a number of votes equal to the number of shares he owns.

Second: In the joint liability company, the votes are calculated on the basis of each partner's quota in the capital.

Article 98: First: The voting shall be open except on matters relating to the election or dismissal of the chairman or a member of board of directors, in the case of the joint-stock company, and the dismissal of the managing director in the case of other companies; or when requested by several members who own not less than 10 percent of the shares or

quotas and are represented in the meeting, regardless of the subject to be voted on. In such a case the voting will be secret.

Second: Unless the company's contract requires a higher proportion, decisions on amending the contract of the company, increasing or decreasing its capital, selling more than half its assets in a transaction outside its ordinary business, approving a transaction under paragraph Fourth of Article 56, merging the company, transforming it, or liquidating it must be based on: The majority of the votes of the subscribed shares whose due installments have been paid, in the case of the joint-stock company; the majority of the votes of the paid-up shares at the time of calling the meeting, in the case of the limited liability company; and the unanimous vote of the quotas, in the case of the joint liability company. In the case of a tie vote in the limited liability company, and the impossibility of obtaining a unanimous vote in the joint liability company, it is permissible to resort to the competent court to settle the matter. Decisions on other matters, shall be made on the basis of the majority of the votes of shares or quotas represented in the meeting, unless the company's contract requires a higher proportion.

Article 99: The general assembly's decisions shall be sent to the Registrar within four days from their adoption. The certified copy issued by the Registrar shall be an acceptable document to any quarter.

Article 100: Holders of five percent of the shares of the company can object to the general assembly's decisions before the Registrar within seven days from their adoption. The Registrar shall issue his decision 15 days from the submission of the objection. His decision can be contested before the competent district court within seven days from the date of notification. The court must examine such objections urgently, and its decision on them shall be final.

Article 101: In the sole owner enterprise, or a limited liability company having one owner, the owner replaces the general assembly and the provisions stipulated in this law, other than those pertaining to meetings, apply to him, her or it.

Sub-Section Two: The Jurisdictions and Powers of the General Assembly

Article 102: The general assembly is the highest authority in the company. It decides on all matters that serve its interest; and, it is empowered to do the following:

First: Discuss and approve the founders' report on procedures pertaining to the establishment of the company at the constituent meeting.

Second: Decide on the election of the representatives of shareholders from outside the state sector -in the board of directors of the mixed company, and the representatives of all shareholders in the board of directors of the private joint stock company, as well as on their dismissal.

Third: Discuss the reports of the board of directors of the joint-stock company, the managing director of the other companies, and the accounts controller, as well as any other reports reaching it from competent quarters and make the necessary decisions on them.

Fourth: Discuss the company's final accounts and approve them.

Fifth: Discuss and approve the proposed annual plan and the budget for the following year in other than joint-stock companies.

Sixth: Appoint the accounts controller and specify his remuneration in the case of private companies.

Seventh: Discuss proposals pertaining to loans, mortgage, and securities and make decisions on them in the case of the limited liability company and joint liability company.

Eighth: Approve the percentage of profit to be distributed among the members and specify the percentage of compulsory reserve and any other reserves it deems appropriate.

Ninth: Fix the remuneration of the chairman and members of the board of directors in the mixed and private joint-stock companies commensurate with their efforts in fulfilling their tasks and achieving company plans and profits.

Tenth: Approve employment rules in the mixed joint-stock company as worked out by the board of directors.

Section Two: The Board of Directors in the Joint-Stock Company

Sub-Section One: Formation of the Board of Directors

Article 103: First: The board of directors in the mixed joint- stock company shall consist of seven original members who are chosen as follows:

1. Two members representing the state sector who are appointed under a decision by the competent minister or his deputy in the sector to which the company belongs, unless at the time of the selection, the state sector's share in the mixed company's capital

exceeds 50%. In such a case, the competent minister or his deputy in the sector to which the company belongs shall appoint three members representing the state sector.

2. Five members representing shareholders from outside the state sector elected by the company's general assembly, unless at the time of the selection, the state sector's share in the mixed company's capital exceeds 50%. In such a case, the company's general assembly shall elect four members representing shareholders from outside the state sector.3. Suspended.

Second: The board of directors in the mixed joint-stock company shall have seven reserve members, who will be selected in the manner and ratio used in the case of the original members.

Article 104: First: The board of directors in the private joint-stock company shall consist of not less than five and not more than nine original members to be elected by the company's general assembly.

Second: The board of directors in the private joint-stock company shall have reserve members, who will be chosen in the manner and ratios used in the case of the original members.

Article 105: Suspended.
Article 106: First: The member of the board of directors must:

1. Enjoy legal qualification.

2. Not be banned from managing companies under the law or any decision issued by a legal quarter.

3. Be owner of not less than 1,000 shares, if he represents the private sector. If his shares drop below this level, he must make up the difference within 30 days from the date of becoming member of the board of directors. Otherwise, he will be deemed as having lost the board membership at the end of the above respite.

Second: If a member of the board of directors loses any of the conditions stipulated in Paragraph First of this article, he shall lose his membership in the board as of the date of losing that condition. Any decision made during his attendance shall be considered null and void, if his vote has influenced the decision.

Third: The period of membership in the board of directors is three years from the date of the first board meeting. This period is renewable.

Article 107: First: If the elected shareholder declines to accept membership in the board of directors, he should inform the board within seven days from his election to the board, if he was present during the election meeting; and, from the date of being notified, if he was absent.

Second: If a member of the board of directors resigns, his resignation must be in writing. The resignation will be considered valid only from the date of its acceptance by the board.

Article 108: First: If a vacancy occurs in the membership representing the state sector in the board of directors, the council shall invite a reserve member--in the order of the reserve list in the sector--to fill the vacancy and attend the board meeting.

Second: If a vacancy occurs in the membership representing the private sector in the board of directors, the chairman shall invite the reserve member with the majority of votes to attend. And, if several reserve members have an equal number of shares, the chairman shall choose one of them.

Third: If several vacancies occur in the membership representing the private sector in the board of directors and the reserve members are not enough to fill all the vacancies, the chairman of the board shall call a meeting of the general assembly in order to elect original members to fill any vacancies in the board of directors, after including the reserve members; and, to also elect reserve members in their place within 60 days from the occurrence of the vacancies.

Fourth: If the board of directors in a private joint-stock company loses half of its members at once, it shall be considered as dissolved. In such a case, a meeting of the general assembly shall be convened within 30 days from this loss to elect a new board.

Article 109: If a member of the board of directors fails to attend meetings, the steps outlined in Paragraphs First and Second in Article 108 of this law shall be applied, depending on the circumstances. A reserve member shall replace the original member during his absence.

Article 110: First: A person cannot be a member in the boards of directors of more than six companies at the same time. But, he can also assume the chairmanship of one or two other boards at the same time.

Second: The chairman or member of a board of directors of a company cannot become a chairman or member in the board of directors of another company that engages in similar business, unless he has been authorized by the general assembly of his company.

Sub-Section Two: The Meeting of the Board of Directors

Article 111: The board of directors shall meet within seven days of its formation. It shall elect from among its members by secret ballot its chairman and his deputy, who will replace him in his absence, for a one-year term, which is renewable.

Article 112: First: The board of directors shall meet at least once every two months at the invitation of its chairman or at the request of any of its other members.

Second: The board meetings shall be held at the company's head office or any other place in Iraq that is chosen by the chairman, if it is not possible to hold the meeting at the head office.

Article 113: The quorum shall be counted 30 minutes after the board has convened. It shall meet with the attendance of the majority of its members.

Article 114: First: Board decisions shall be made on the basis of the absolute majority of the members present. In the case of a tie, the side supported by the board chairman shall prevail.
Second: Suspended.

Article 115: If the chairman of the board or his deputy fails to attend three consecutive meetings without a legitimate reason, or if he fails to attend successive meetings for a period of more than six months without a legitimate reason, he shall be considered as having resigned.

Article 116: First: The minutes of the board meeting shall sum up the subjects discussed, the proposals made, and the opposite opinions expressed. The minutes shall be signed by the members.

Second: The board's decisions shall be entered in the records book and signed by the chairman.

Third: Certified copies of the board's decisions from the records book are valid documents to present to any quarter, provided the Registrar keeps his copies of these decisions.

Sub-Section Three: The Jurisdictions and Powers of the Board of Directors

Article 117: The board of directors shall handle the necessary administrative, financial, planning, organizational, and technical duties for running the company's business, other than those that fall within the jurisdiction of the general assembly. It shall, in particular, assume the following jurisdictions:

First: Appoint the managing director, specify his wages, remunerations, jurisdictions, and powers, supervise and guide his work, and also decide on his dismissal.

Second: Carry out the general assembly's decisions and follow up on their implementation.

Third: Prepare the final accounts of the previous year within the first six months of each year, write up a report on them and on the results of implementing the annual plan, and submit them all to the general assembly for discussion and approval. These shall include:

1. The general budget.

2. The profit and loss account.

3. Any other statements requested by the competent quarters.

Fourth: Discuss and approve an annual plan for the company's activity in the following year. This plan must be prepared by the managing director during the last six months of the year in light of the company's aim. The plan shall include a full report on the company's activity and a draft budget outlining:

1. Cash reserves.

2. Sales.

3. Purchases.

4. Manpower.

5. Capital investments.

6. Production.

Fifth: Follow up on the implementation of the annual plan and submit periodic reports to the accounts controller and an annual report to the general assembly on the results of the implementation.

Sixth: Prepare statistical studies with the view to developing the company's business.

Seventh: Make the decisions on loans, mortgages, and securities.

Eighth. The board of directors shall establish committees of its members to make recommendations as to (a) selection of the company's external, independent auditors (audit committee); and (b) compensation form and amount for the board and the managing director (compensation committee). Members of these committees shall not be officers or employees of the company nor holders of 10% or more of the company's shares, nor related to any of these by blood, marriage or personal or economic interest in a degree likely to materially bias their judgment. Any departure from the recommendation of such a committee, and the reasons for it, shall be announced at the shareholders meeting and recorded in its minutes. The audit committee shall meet privately with the company's external auditors and have special responsibility for ensuring the accuracy and reliability of their work. It shall ensure that a record is kept in the course of the year of all material related-party transactions, within the meaning of international accounting standards, for discussion with the company's external auditors.

Article 118: First: Any decision made by the board of directors must be signed by its chairman and stamped with the company's seal.

Second: The decisions of the board of directors must be carried out as soon as they are issued in accordance with the provisions of the law.

Third: The majority members of the board of directors in a mixed joint-stock company have the right to object to the cabinet against any measures or guidelines that are not consistent or harmonious with the provisions of the law.

Fourth: The chairman of the board of directors is responsible for following up on the implementation of the board's decisions.

Article 119: First. It is impermissible for the chairman or a member of the board to have direct or indirect interests in deals that are concluded with the company, except after obtaining the permission of the general assembly with full disclosure of the nature and extent of such interests. The chairman or board member shall be liable to the company for any

damage to it arising from violation of this article. Compliance with this Article shall not exclude liability under Article 4, paragraph Third.

Second. It is impermissible for the chairman or a member of the board to vote upon or participate in a matter in which he or she has direct or indirect interests without disclosing the nature and extent thereof to disinterested members and receiving the permission of a majority of them. If no members are disinterested, all may act. In either case, however, the details of the matter shall be recorded in the minutes of the board and made available to the general assembly and the company's external auditors.

Article 120: The chairman and members of the board of directors shall do their best to serve the interests of the company as they would serve their own personal interests, and run the company in a sound and legal manner. They are responsible before the general assembly for any work they undertake in this capacity.

Section Three: The Managing Director
Sub-Section One: The Appointment and Dismissal of the Managing Director:

Article 121: First: Each company shall have a managing director, who can be from within the company or an outsider who is specialized and experienced in the company's activity. The managing director shall be appointed and his jurisdictions, powers, wage, and remunerations shall be fixed by the board of directors in the joint- stock company, and the general assembly in the other companies.

Second: It is impermissible to combine the post of chairman or deputy chairman of the board of directors of a joint-stock company with the post of managing director in it. It is also impermissible for a person to serve as managing director in more than one joint- stock company.

Article 122: The managing director is dismissed under a decision by the quarter that appointed him, while citing the reasons for the dismissal.

Article 123: First: The managing director shall undertake all the necessary tasks for the management of the company and its activity within the jurisdictions and powers assigned to him by the quarter that appointed him and according to its directives.

Second: Taking into consideration the provisions of Paragraph First in this article, the managing director in the limited liability company, the joint liability company, or the sole owner enterprise shall enjoy the jurisdictions of the board of directors in the joint-stock company, as

stipulated in Paragraphs Second, Third, Fourth, Fifth, and Sixth of Article 117 of this law.

Article 124: In the exercise of his jurisdictions and powers, the managing director is subject to the provisions of Articles 119 and 120 of this Law. In addition, the compensation of the five most highly compensated employees of the company, in whatever form received, shall be disclosed in writing to the general assembly.

Chapter V: Control of Companies
Section One: The Aim of Control and its Requirements

Article 125: Control is aimed at guaranteeing that the company is applying the provisions of its contract and the law.

Article 126: The board of directors in the joint-stock company, and the managing director in the other companies, shall prepare in the first month of each year a list containing the following data:
First: The name of the company; the address of its head office; and the addresses of its branches, if they exit.

Second: The amount of capital and the quotas and shares making up this capital.

Third: The installments which were paid from the value of the shares in the joint stock company; the shares which were paid during the year; and the shares which were not paid, but are due for payment.

Fourth: The total number of shares whose owners have no right to hold.

Fifth: The names, nationalities, professions, and shares or quotas held by the following:

1. The members of the company and the members who have gained membership or whose membership has expired since the preparation of the last annual list, or since the registration of the company, when preparing the first annual list.

2. The chairman and members of the board of directors and the managing director in the joint-stock company, and the managing director in the other companies.

Article 127: First: A copy of the invitation to the general assembly meeting held to discuss the final accounts shall be sent to the Registrar. The following shall be attached to the invitation:

1. The annual list;
2. The final accounts for the previous year and the accounts controller's report on them;and
3. The managing director's report on the company’s progress in implementing its plan for the previous year.

Second: In the case of the joint-stock company, the invitation shall be sent to the Registrar , along with the statements and reports mentioned in sub-paragraphs 1 and 2 of paragraph First in this Article as well as the board of directors' report on the company’s progress in implementing its plan for the previous year. As for members, they have the right to obtain copies of the annual report and the other statements and reports.

Article 128: The Registrar has the right to obtain any statements, clarifications or documents from the company in order to implement its duties under the law.

Article 129: The joint-stock company, the limited liability company, and the joint liability company shall each prepare a register for its members, which shall be kept in its head office. The register shall contain the following information:

First: The names, nationalities, professions, and addresses of the members, the number of quotes or shares they own, and the dates of their ownership.

Second: The shares owned by each member, the sum paid for each share in the joint-stock company or limited liability company.

Third: The expiration of membership and the reasons.

Article 130: If a person's name has been erroneously entered in or deleted from the members' register, or if there has been an undue failure or delay in entering those who qualify for membership or deleting those whose membership has expired, that person or member has the right to demand the rectification of the records. And, if the company declines, he has the right to ask the Registrar to oblige the company to make the rectification, without also prejudicing his right to demand compensation from the company for any damages.

Article 131: All that is included in the members' register is considered correct unless proved otherwise.

Article 132: First: A company member has the right of access to the members' register. If he is prevented from doing so, he has the right to

ask the Registrar to oblige the company to permit him to have such access.

Second: In the joint-stock company, the limited liability company, and joint liability company, records must be made accessible to members for 10 days prior to the meeting of the general assembly and also while the assembly in session.

Section Two: Financial Control

Article 133: First: The accounts of the mixed company shall be subject to control and audit by the Financial Control Bureau. As for the accounts of the private company, they shall be subject to control and audit by auditors appointed by the company's general assembly. Accounts should be consolidated with those of related companies in accordance with international accounting standards unless specifically modified by standards in force in Iraq.

Second: The accounts controller shall submit a report to the company on the accounts within 30 days from the accomplishment of these accounts.

Article 134: The board of directors' report on the final accounts in the case of the joint-stock company, and managing director's report in the case of the other companies shall include detailed statements on the company's activities, especially on the following:

First: The significant contracts concluded by the company during the previous year and the businesses in which owners of 10% or more of the company’s shares, the members of the board or the managing director had interests, including interests of their families, entities under their control and any other interest that would render the transaction a related-party transaction under international accounting standards insofar as permissible to apply these in Iraq.

Second: The results of operations (including earnings) and distribution of net profit.

Third: The reserve balance and its uses.

Fourth: The sums received by current and previous members of the board of directors and the managing director in the form of wages or awards in cash or in kind, which they enjoy

Fifth: The sums which have been spent on publicity, travel, entertainment, and donations.

Article 135: The general assembly shall hold a meeting to discuss and approve the final accounts within 60 days from the date the audit is complete.

Article 136: The accounts controller shall give his opinion on the final accounts of the joint-stock company before its general assembly. The same can be done in the other companies. In all cases, the controller must give his opinion on the following:

First: The soundness of the company's accounts, the correctness of the statements in the final accounts, the access allowed to the data on the company's activity, and the board of directors' report.

Second: The extent of the company's application of modem accounting procedures, especially those dealing with book-keeping, accountancy, and stocktaking of company assets and liabilities.

Third: The extent to which the final accounts express the true financial status of the company and the results of its business at the end of the year.

Fourth: The extent to which the accounts comply with the provisions of this law and the company's contract.

Fifth: Violations of the provisions of this law or the company's contract which have adversely affected the company's business and financial status, including a statement indicating if the violations still existed at the time of auditing the final accounts.

Article 137: The accounts controller shall be questioned about the truth of the statements contained in his report in his capacity as the company's agent for controlling and auditing its accounts.

Article 138: The final accounts shall be signed by the chairman of the board of directors and the managing director in the case of the joint-stock companies and by the managing director in the case of the other companies. Each signatory shall be responsible for the truth of the statements contained in these accounts.

Article 139: Copies of the final accounts, the annual plan, and the reports on them as well as the general assembly's decisions on them shall be sent to the Registrar.

Section Three: Inspection

Article 140: The company shall be subject to inspection by one or several professional inspectors, who will be chosen by the Registrar, in the case

of a justifiable claim made by any of the following quarters that the company has violated the provisions of this law, its contract, or the decisions of its general assembly:

First: Suspended.

Second: Members of the company who hold at least 10 percent of the value of subscribed quotas or shares.

Third: A member of the board of directors in the joint-stock company and the managing director in the other companies.

Article 141: The Registrar has the right to appoint an inspector when necessary without asking the permission of any quarter. If the company believes that the Registrar has exercised its powers under this section for improper purposes, it may apply to the competent court to prove this and obtain an order restraining any improper action.

Article 142: First: The Registrar shall specify the inspector's task and scope of work in detail and the kind of report to be prepared on the subject.

Second: The appointed inspector shall submit his or her report on the inspection to the Registrar, who shall send copies of the report to the company and the person making the claim referred to in Article 140.

Article 143: The company's general assembly can appoint its own inspector to inspect the company's work. It shall also specify his task, the scope of his work, and the type of report he must submit, provided a copy of the report is sent to the Registrar.

Article 144: Company employees must allow the inspector to have access to all of their books, documents, and records. The inspector may also interview the employees and those connected with the company on the case which is being investigated.

Article 145: If the inspector's report shows that a member of the board of directors, the managing director, or any other company official is questionable on something, now or in the past, the Registrar must inform the responsible authorities so that appropriate action can be taken.

Article 146: The Registrar shall carry out the appropriate steps to steer and guide the company in light of the proposals contained in the inspector's report.

Chapter VI: Termination of the Company

Section One: Reasons for Termination

Article 147: A company is terminated in accordance with the provisions of this law for the following reasons:

First: Failure to start its activity without any legitimate reason despite the lapse of one year since its establishment.

Second: Suspension of its activity for more than one year without any legitimate reason.

Third: Completion of the project for which it was established or the impossibility of completing it.

Fourth: Merger with another company or transformation into another type of company under the provisions of this law.

Fifth: Loss of 75 percent of its nominal capital and its failure to take the steps stipulated in sub-paragraph 1 of Paragraph Second of Article 76 of this law within 60 days from the time the loss is established in the budget.

Sixth: The general assembly's decision to liquidate it.

Section Two: Merger of Companies

Article 148: It is permissible to merge one company into another company or several companies in order to form one company.

Article 149: For the merger to be valid:

First: Suspended.
Second: It should not lead to:

1. The joint-stock company losing its corporate status in favor of a limited liability company or joint liability company.

2. The limited liability company losing its corporate status to a joint liability company.

3. The joint-stock company, the limited liability company, the joint liability company, or the sole owner enterprise losing its corporate status in favor of a simple company.

Third: It should not increase the members of the merged company above the limits set under the law for different types of companies.

Fourth: Suspended.
Article 150: For the purposes of the merger, the following measures shall be taken:

First: An economic and technical study shall be made of the joint-stock companies to be merged, including the aims, reasons, conditions of the merger, and any other studies. The studies shall be submitted to the general assembly of each company.

Second: The merge decision shall be made by the general assembly of each company separately. The decision shall specify the name and type of the merger company as well as its capital, members, and activity. The decisions and the studies shall be sent to the Registrar within 10 days from their adoption.

Third: If, within 15 days of receiving them, the Registrar has not found that the decisions are inconsistent with the law, it will promptly issue its permission and inform the companies concerned of this decision; the companies will then cause it to be published in the Bulletin and one daily paper.

Fourth: Suspended.

Fifth: Suspended.

Sixth: The companies receiving the Registrar's permission for their merger will call their general assemblies to a joint meeting within 60 days from the date of the publication of the merger decision in order to amend the contracts of the existing companies or draw up a new contract for the merger company, depending on the circumstances. The contract shall be sent to the Registrar within 10 days for endorsement and publication in the bulletin and one daily paper.

Article 151: The merger shall be considered effective as of the last publication date of the amended or new contract, depending on the circumstances. On this date, the corporate status of the companies merging into the new company shall be terminated. The Registrar's endorsement of the contract is tantamount to a license of establishment

Article 152: All the rights and commitments of the merger shall be transferred to the company with which it was merged, or the company resulting from the merger.

Section Three: Transformation of a Company

Article 153: A company can be transformed to any of the types stipulated in this law, with the following exceptions:

First: It is impermissible to transform a joint-stock company into a limited liability company, a joint liability company, or sole owner enterprise; or the limited liability company into a joint liability company.

Second: It is impermissible to transform the limited liability company or the joint liability company into a sole owner enterprise, except when they are short of one member.

Third: It is impermissible to transform the joint-stock company, the limited liability company, the joint liability company, or the sole owner enterprise into a simple company.

Article 154: First: The company shall prepare an economic and technical study containing the aims and reasons for the transformation and submit them to the general assembly.

Second: The transformation shall take place under a decision to be issued by the company's general assembly which will also amend the contract consistent with the new status. The decision, coupled with the study and the amended contract, shall be sent to the Registrar within 10 days of its issuance.

Third: The transformation to a joint stock company can take place by including new members, issuing new shares for public subscription, and applying the original subscription provisions to the new shares, including the provisions of Articles 44 and 47 of this law.

Article 155: First: If, within 15 days of receiving it, the Registrar does not find that the transformation decision and the amended contracts are inconsistent with the law, it shall Second: Suspended. Third: Suspended. promptly endorse the transformation decision and the amended contract. It shall also notify the company of the permission ; the company shall publish the permission in the Bulletin and a daily paper.

Article 156: The transformation shall be considered valid as of the last date of publication of the transformation decision and the amended contract.

Article 157: In the case of the transformation of a joint liability company or a sole owner enterprise into a joint stock company or a limited liability company, the responsibility of the members for its obligations before the transformation shall be an unlimited personal responsibility. The

obligations shall be a joint liability responsibility in the case of the members of the joint liability company.

Article 158: First:

1. If the general assembly decides to liquidate the company, or if any of the reasons stipulated in paragraphs First, Second, Third, and Fifth of Article 147 of this Law materialize and the general assembly recommends liquidation of the company, the company must appoint one liquidator--or more--and specify his jurisdictions and remuneration and send the decision or recommendation to the Registrar.

2. The liquidator shall be considered the representative of the company within the limits of his jurisdictions during the liquidation period.

Second: Suspended.

Article 159: The liquidation decision or recommendation shall be backed by reasons and sent to the Registrar within 14 days of its adoption. The latter has the right to request additional information or discuss matters with the company's general assembly to ascertain the reasons.

Article 160: If the Registrar has verified that the reasons for the liquidation are not fraudulent or unlawful, it shall issue the company's liquidation decision and appoint a liquidator within 10 days of the verification. The Registrar shall communicate this information to the company; the company shall then cause the information to be published in the Bulletin and one daily newspaper.

Article 161: Suspended.

Article162: Suspended.

Article 163: Once notified of the liquidation decision, the company must stop making any changes in its membership or assuming any new obligations. But, it will continue to operate in so far as fulfilling its obligations under the liquidation process.

Article 164: First: The company shall retain its corporate status during the liquidation period, provided it states that it is under liquidation whenever its name is mentioned.

Second: The company's general assembly shall continue to function throughout the liquidation period, its board of directors, if it still exists, shall be considered dissolved, and the managing director's duty shall stop from the date of receiving the liquidation decision.

Article 165: The liquidation does not acquit the company founders, members, or management staff of any responsibility resulting from the exercise of their functions in the company.

Article 166: Any interested party has the right to confirm before a competent . court any financial obligation that the company has taken upon itself within the last six months prior to the issuance of the liquidation decision.

Article 167: If the company's general assembly does not appoint a liquidator within 30 days from its notification of the liquidation decision, or if the liquidation decision has been issued by the Registrar in accordance with Paragraph Second of Article 158 of this law, the Registrar has the right to appoint the liquidator and specify his jurisdictions and remunerations, which must be borne by the company.

Article 168: As soon as he is appointed, the liquidator shall seize all the company's assets, including records, documents, and papers, make an inventory, and write a full report on the company's condition including its debts and rights as well as other parties' rights on it, and send a copy to the Registrar.

Article 169: Suspended.

Article 170: The liquidator shall, within 10 days of his appointment, call the company's creditors and whoever has claims on it through an advertisement in two local papers to meet with him at a fixed date and place in order to settle the debts and claims on the company, without impinging on the right of any party to take legal proceedings.

Article 171: The liquidator shall submit a report to the Registrar on the progress of the liquidation process every three months at least. The Registrar may call the liquidator for deliberations on any legal matter relating to the liquidation process.

Article 172: If the quarter which appointed the liquidator finds that he is failing in his assignment, it has the right to dismiss him and appoint another one. It also has the right to appoint another liquidator or more at any stage of the liquidation process, if it thinks that the liquidation process demands that, provided the dismissal or appointment decision is published in the bulletin and one daily newspaper.

Article 173: The liquidator shall call the company's general assembly to meet during the first two months of each fiscal year in order to discuss and approve the previous year's annual budget and accounts, the accounts controller's report, the annual report on the progress of work, and the appointment of an accounts controller for the new year. He may also call the assembly at any time, if the liquidation process demands that.

Article 174: The liquidator shall settle the company's debts in the following order, after deducting the liquidation expenses:

First: The sums that are due to the company employees.
Second: The sum that is due to the state.

Third: Any other sums that are due under existing laws, in the order of priority.

Article 175: First: Submission of the request for liquidation, and the liquidation decision itself, are considered a declaration of the debtor's insolvency with regard to safeguarding the rights of creditors.

Second: Any transfer, concession, or disposal of the funds of the company, which is under liquidation, shall be considered null and void, if it is an attempt to favor some creditors at the expense of others by way of fraud.

Third: All mortgage contracts or contracts which constitute a lien on the company's property and assets that have been concluded only three months prior to the beginning of the liquidation process, shall be considered null and void, unless it is proven that the company will again be solvent after the liquidation process. In such a case, the provision on the nullity of those contracts shall only apply to anything extra to the sums paid to the company for the said contracts during its establishment or afterward, and the legal interest on them.

Fourth: Any sequestration of company funds after the initiation of the liquidation process shall not be valid except under a decision by the competent court, except for sequestrations that are carried in the interest of the state, the state sector, or employees in order to pay their wages.

Article 176: As soon as the liquidation process is accomplished, the liquidator shall prepare the final report and final accounts backed by the report of the accounts controller. He shall then call a meeting of the general assembly to discuss and approve them. He shall send a copy of the meeting's minutes and decisions, coupled with the final report, the final accounts, and the accounts controller's report to the Registrar.

Article 177: First: The Registrar shall issue his decision to delete the company's name from his records and publish the decision in the bulletin and one daily newspaper within 10 days, under one of these two conditions:

1. If it has been established that the liquidation has been completed in accordance with the law.

2. If the liquidation process has continued for more than five years after the issuance of the liquidation decision and that the Registrar has become certain that it will be impossible to finalize it.

Second: The company's corporate status shall be considered expired as of the issuance of the decision to delete its name.

Article 178: First. The liquidator shall distribute the rest of the company's funds among its members in accordance with their shares and quotas within 30 days from being notified of the decision on the deletion of the company's name. But, he may disburse some of these to the members even during the liquidation phase, provided that this will not affect the company's obligations.

Second. Distributions to foreign investors in the company shall conform to CPA Order Number 39, section 12(2).

Article 179: It is impermissible to claim a debt or right on the company after the issuance of the decision on the deletion of its name. If a creditor shows up with a claim and the liquidator has no knowledge of it, the creditor may ask the company members to honor it according to the ratio of their quotas and shares in the capital within three years from the date of the deletion. Any claim after this period shall not be considered.

Article 180: The liquidator shall keep the company's records for five years from the date of the deletion of its name.

Chapter VII: The Simple Company

Article: 181: The simple company shall consist of several partners, who are not less than two and not more than five and who have contributed shares to the capital. In such a company, one or more may contribute services, and others funds.

Article 182: The simple company's contract must be notarized by the public notary. A copy of the contract must be deposited with the Registrar, otherwise the contract will be considered null and void.

Article 183: The simple company shall acquire a corporate status as of the date of the deposition of a copy of its contract with the Registrar.

Article 184: The contract shall specify the share of each partner in the simple company's capital. Otherwise, the shares shall be considered equal. If the share is service, then its nature must be stated in the contract.

Article 185: First: If the contract specifies the partners' share in the profit only, then this shall be considered as their share in the loss also. And, if it specifies it in the loss only, this shall be considered as their share in the profit also. But, if the contract does not specify the share in the profit or loss, the share of each partner shall be in the ratio of his subscribed share in the company's capital.

Second: If the contract does not specify the share of the partner who contributes with service, his share in the profit or loss shall be assessed on the basis of the company's profit in that service. If, in addition the service, he contributed funds, he will have a share of profit for the service and a share for the funds.

Article 186: First: If it is agreed that one of the partners will not have a share in the profit or loss, the company's contract shall be considered null and void.

Second: It is possible to agree on excluding the partner, who has contributed with service only, from the loss, provided it has not been agreed to pay him a wage for his service.

Article 187: The company's contract shall specify the method of management and the appointment of the managing partner. It shall also specify his powers, otherwise the contract shall be considered null and void.

Article 188: The managing partner shall assume the management of the company within these powers under the guidance of the quarter that appointed him.

Article 189: The managing partner will do his best to take care of the company's interests the way he takes care of his own interests.

Article 190: The simple company can be terminated for any of the reasons stipulated in Paragraphs First, Second, Third, or Fourth of Article

147 of this law. It can also be terminated for any of the following reasons:
First: A unanimous decision by the partners to dissolve it.

Second: The withdrawal of either partner from a company consisting of two partners.

Third: The issuance of a final decision by a competent court.

Article 191: The partners may ask for a court decision to exclude a partner, whose behavior could be a cause for dissolving the company, provided the company can continue to exist with the remaining partners.

Article 192: If a partner withdraws, he has the right to transfer his share of the capital to another person with the approval of the remaining partners. If they do not approve, they must accept the value of the withdrawing partner's share as decided by the court.

Article 193: In the case of the death, insolvency, or interdiction of a partner, the provisions stipulated in Article 70 of this law shall be applied, depending on the circumstances.

Article 194: The simple company shall be liquidated in accordance with the provisions of its contract. If there are no such provisions, it shall be liquidated in the manner agreed upon unanimously by the partners. Otherwise, it shall be liquidated in accordance with a decision by the court.

Article 195: The powers of the managing partner are terminated with the dissolution of the company. However, the corporate status of the company shall remain as long as necessary and until the liquidation is accomplished.

Article 196: First: When necessary, the liquidation will be carried out by all the partners or by one or more liquidators appointed by the majority of the partners. If they cannot agree on appointing a liquidator, the court shall undertake his appointment.

Second: In the cases where the company is considered null and avoid, the court shall automatically, or at the request of the interested party, appoint a liquidator and specify the method of liquidation.

Third: The managing partner shall be considered the liquidator before others until a liquidator is appointed.

Article 197: First: The liquidator has no right to initiate any new work in the company except what is essential to complete previous work.

Second: The liquidator may sell the company's movable and immovable property directly or through an auction, unless he is restricted by his appointment order. He has no right to sell the company's property except to the extent that it is necessary to honor its debts, with the approval of the partners.

Article 198: First: After paying the creditors and deducting the sums needed to honor other undisputed debts or cover expenses and loans, which any partner may have undertaken in the name of the company, the remaining funds shall be divided among the partners.

Second: Each partner shall get a share equivalent to the value of the quota he contributed to the capital as stated in the contract, or equivalent to the value of this quota at the time of its payment if it is not stated in the contract, unless the partner has contributed services only. The remainder shall be divided among the partners according to each one's share in the profit. If the company's net funds are not sufficient to cover the shares of the partners, the loss shall be divided among them.

Article 199: The division of the simple company's funds shall be in accordance with the procedures that are followed in dividing common property.

Chapter VIII: Miscellaneous Rules
Section One: General Rules

Article 200: The company's registered address shall be deemed the official address for correspondence and notification. The company must notify the Registrar about any change in the address within seven days of the change.

Article 201: The company must state its full name and capital, with all its descriptions, in the head office, the branches if there are any, and the other businesses. These must also be printed on the letterheads, certificates, documents, and any statements that are issued by it. All these should be in Arabic. However, it is permissible to use a foreign language as an addition.

Article 202: The company shall have a special seal with which to stamp its , businesses, correspondence, documents, certificates, and any other statements it issues. The stamp can only be used by an authorized person.

Article 203: The company's contract is not considered valid until it has

been endorsed by the Registrar in accordance with Article 19, except as otherwise provided in this law. .

Article 204: It is permissible to object to the decisions of the Registrar before the Minister of Trade within 30 days from the date of notification. The Minister's decision may be appealed as provided in article 24 of this law.

Article 205: If the company members are less than what is stipulated in the law for its type, the number must be completed within 60 days from the occurrence of the shortage. If this period expires and the Registrar does not grant a respite, the company must be transformed into a type that is permitted by the law.

Article 206: The Registrar shall issue a special bulletin for the companies in which he will publish, at their expense, everything that pertains to their affairs in accordance with the provisions of this law.

Article 207: The Ministry of Trade, in cooperation with the Ministry of Finance, the Financial Control Bureau, and the Planning Board, shall issue guidelines for the accounting system to be adopted by the companies and everything that pertains to their final accounts.

Article 208: First. The minister of trade shall issue guidelines to facilitating the implementation of this law.

Second. The Agency Registration Law No. 4 of 1999 shall be inapplicable to the registration of a company, and a company is not required to retain a commercial agent to register, though it may choose to do so. Furthermore, no certification of tax compliance or of the absence of tax delinquency shall be required for the registration of a company. The Minister of Trade is hereby authorized to issue instructions to coordinate the activities of the Registrar of Companies and the Chamber of Commerce regarding the registration and approval of commercial trade names, notwithstanding anything to the contrary in The Law on Establishment of Chambers of Commerce No. 43 of 1989.

Article 209: The fees for the paperwork pertaining to this law shall be charged in accordance with the chart attached to this law. The Ministry of Trade may amend the chart in accordance with changes in costs and to align the fees with processing costs .

Section Two: Temporary Rules

Article 210: Within 90 days from the enforcement of this law, the economic projects stipulated in Article 10 of this law must take the form

of a company. The competent sectoral quarters shall supply the Registrar with their lists of the registered economic projects that are subject to this law in the period between the publication of the law and its enforcement.

Article 211: First: The branches and offices of foreign companies and establishments shall be subject to the provisions of CPA Order No. 39 and regulations and administrative instructions issued thereunder.

Second: The penalties stipulated in Articles 216, 217, 218, and 219 shall apply to these branches, offices, and their officials for any proven offense.

Article 212: The provisions on bankruptcy due to insolvency wherever they occur in this law shall apply until the promulgation of the law on insolvency.

Section Three: Penal Rules

Article 213: First: Any economic project that does not take the form of a company shall be punishable by a fine of 1,000 dinars for every day of delay after the grace period stipulated in Article 210 of this law.
Second: The punishment stipulated in paragraph First of this Article shall apply to every company branch or office that must be re-registered or liquidated, for every day of delay after the periods stipulated in regulations and administrative instructions issued under CPA Order No. 39Article 214: If three months of daily fines elapse without the parties mentioned in Article 210 of this law taking the necessary steps to change or rectify their conditions, the Registrar shall approach the competent sectoral quarter in order to take the appropriate measures against the defaulting party, while continuing to levy the daily fine on it.

Article 215: First: Anyone carrying out a business in the name of a joint-stock company, limited liability company, joint liability company, or sole owner enterprise without obtaining registration of its establishment shall be subject to a fine of not more than 3,000,000 dinars, while taking into consideration the severity of the violations and the provisions of paragraph First of Article 210 of this law.

Second: Anyone carrying out a business in the name of a branch or an office for a foreign company or economic establishment without obtaining the registration required shall be subject to the penalties provided in paragraph First of this Article unless otherwise provided in applicable legislation.

Article 216: Any company that does not prepare the records stipulated under this law shall be subject to a fine of not more than 10,000,000 dinars, depending on the severity of the violation.

Article 217: Any company failing to submit the required statements and information to a competent official quarter at the times fixed under the provisions of this law shall be subject to punishment of a fine of not more than 300,000 dinars for every day of delay, depending on the severity of the violation.

Article 218: Any company official who purposely gives inaccurate statements or information to an official quarter on the company's business, results of operations, financial condition, member shares and quotas, and distribution of dividends shall be subject to punishment of imprisonment for a period of not more than one year, or a fine of not more than 12,000,000 dinars, or both, depending on the severity of the violation.

Article 219: Any company official who bars a competent quarter from seeing the company's records and documents shall be subject to punishment of imprisonment for a period of not more than six months or a fine of not more than 12,000,000 dinars, or both, depending on the severity of the violation.

Section Four: Final Rules

Article 220: First: Company Law No. 36 of 1983 is hereby canceled. The regulations and guidelines issued under that law that do not conflict with the provisions of this law shall remain valid until they are replaced or canceled.

Second: Any provision contrary to the provisions of this law is invalid.

Article 221: This law shall be enforced within 90 days from the date of its publication in the Official Gazette.

Annex

Fee Chart

First: As provided in regulations to be issued by the Minister of Trade, the Registrar of Companies shall charge a fee of 200,000 dinars for the registration of a joint stock company, and a fee of 20,000 dinars shall be payable for all other forms of company.

Second: As provided in regulations to be issued by the Minister of Trade, the Registrar shall charge a fixed fee of 200,000 dinars for the registration of branch for a foreign company or economic establishment.

Third: The Minister or Trade shall publish regulations or schedules of such other fees as he or she may deem appropriate for other services provided by the Registrar of Companies.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 65

IRAQI COMMUNICATIONS AND MEDIA COMMISSION

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003), and having consulted with the Iraqi Governing Council;

Recalling that U.N. Resolution 1483 (2003) called upon the CPA to promote the welfare of the people of Iraq through the effective administration of the territory and to contribute to conditions of stability and security,

Recognizing that open and rigorous debate based upon the free exchange of information is essential to the development of a modern democracy and the holding of free and fair elections in Iraq, and that key to this is unfettered and universal access to a vigorous, professional, free, independent and diverse media;

Further Recognizing that telecommunications plays a major role in the economic development of nations and that creating legal certainty for market entrants will enhance economic growth and stability;

Noting the need to develop effective self-regulatory mechanisms for the media, especially the press, while assuring orderly structuring of a communications infrastructure;

Underscoring that the role of a regulator is to protect public safety and consumer welfare, and that establishing an independent and appropriately staffed regulatory mechanism will be a bulwark in protecting emerging freedoms;

Observing that independence is the key to effectiveness in regulating and promoting a competitive market that benefits consumer and market participants and that independence in this context means freedom from control or undue influence by any regulated entity or market participant; undue partisan political interference or pressure; and influence or conflict of interest by personal incentives such as share ownership in market participants;

Endorsing the commitment to international principles of freedom of speech and of the press as articulated in the International Covenant of Civil and Political Rights and other documents;

Noting that the worldwide trend towards convergence of technology and transmission methods in the communications industry requires clear and comprehensive regulation and that a single regulator for communications will allow for swift and efficient reactions to economic and industry conditions, a necessity in this dynamic and economically crucial sector;

Further Noting that modern and efficient telecommunications and telecommunications-related information services infrastructures are essential to the economic growth and prosperity of Iraq and to the social and economic well-being of its citizens and that:

(1) The development of such infrastructures requires a predictable and sound regulatory regime that is conducive to attracting investments to these sectors,

(2) An open and transparent regulatory organization that reflects international best practices will attract private sector investment and promote public confidence and accountability,

(3) A critical necessity for achieving a modern telecommunications infrastructure is a forward-looking regulatory authority that develops policies that encourage the provision of new technologies and services to the public, and

(4) A major objective of national telecommunications policy is to make available to all Iraqi citizens modern services at reasonable costs;

Further noting that in order for there to be informed public debate in Iraq it is vital to maximize the availability, quality and professionalism of news and information and that:

(1) A vibrant broadcasting environment is essential to economic development and a functioning civil society by providing quality public education, current affairs and entertainment programming;

(2) It is important to facilitate maximum diversity by balancing vigorous commercial and public sectors that provide services at the national, regional and local levels;

(3) This must be encouraged through clear policy aimed at providing diverse services that benefit all of Iraq's citizens and that ensure conformity with generally accepted standards;

(4) Regulation in this context should provide for the fullest exercise of freedom of expression as defined by International Convention, must encourage pluralism and diverse political debate and must empower rather than restrain independent and impartial commentary; and,

Acknowledging the vital importance of the transfer of authority to Iraqi governing institutions,

I hereby promulgate the following:

Section 1
Purpose

This Order is designed to:

1) Foster plurality of and competition among Iraq's communications and media services, thereby promoting an informed and culturally diverse citizenship that derives maximum benefit in terms of choice, price and quality;

2) Protect the interests of the citizens of Iraq as consumers of communications services;

3) Establish the framework for full and fair competition among all providers;

4) Encourage the evolution of electronic media and communications networks to the greater benefit of all who live in Iraq;

5) Ensure that Iraqi telecommunications, broadcast and information services are operated in a manner consistent with public safety;

6) Promote and defend freedom of the media and assist the media community in Iraq to develop, strengthen and maintain professional working practices that support the media's role as a public watchdog; and

7) Establish an open and transparent regulatory organization that reflects international best practices and will attract private sector investment and promote public confidence and accountability

Section 2
Definitions

1) "Broadcasting" means any point-to-multipoint transmission or emission of signals, text, images, audio or video content, or data by wire, optical fiber, radio, or any other electromagnetic means, intended for general reception by all or a portion of the public, *provided*, that the definition of Broadcasting is not intended to include Information Services or Telecommunications.

2) "Code(s) of Ethics" means one or more sets of ethical standards governing journalistic behavior and press responsibility.

3) "Code(s) of Practice" means one or more legally binding sets of regulations, rules or standards governing the actions of entities licensed to provide communications services regulated by the Commission.

4) "Communications" includes telecommunications, broadcasting (including cable television), and information services delivered via telecommunications and broadcasting facilities.

5) "Information Services" means the offering of a capability to generate, acquire, store, transform, process, retrieve, utilize or make available information, including voice, data and audio or video content, via telecommunications, including the provision of access to the Internet, *provided*, that the definition of Information Services is not intended to include Broadcasting or Telecommunications.

6) "Media" means entities that provide news, information or entertainment to the general public, or on a subscription basis, using means including printed material, film, video,

recordings or communications services.

7) "Radio-frequency spectrum" means the range of electromagnetic frequencies that are available for the provision of telecommunications, broadcasting and information services.

8) "Telecommunications" means the transmission by wire, optical fiber, radio, or any other electromagnetic means, including but not limited to satellite networks as well as fixed and mobile terrestrial networks, of information of the user's choosing, between or among points of the user's choosing, without change in the content of information sent and received, *provided*, that the definition of Telecommunications is not intended to include Broadcasting or Information Services.

Section 3
Establishment

1) There is hereby established the Iraqi Communications and Media Commission ("the Commission") as an independent and non-profit-making administrative institution. The Commission shall be solely responsible for licensing and regulating Telecommunications, Broadcasting, Information Services and other Media in Iraq, and shall be committed to the principles of objectivity, transparency, non-discrimination, proportionality and due process in carrying out its duties.

2) The Commission shall be guided by the International Covenant on Civil and Political Rights, Article 19, regarding freedom of expression and attendant duties and responsibilities, and by the relevant Regulations and Recommendations of the International Telecommunication Union and shall adhere to the General Agreement on Trade in Services (GATS).

Section 4
Organization

The Commission shall be comprised of a Board of Commissioners, one member of which shall be appointed as Chair; a Director General; a Hearings Panel; an Appeals Board; an Inspector General; and such advisory boards as the Board of Commissioners or the Director General deems necessary. The Director General may establish any departments or other internal units or subdivisions he/she deems necessary, and staff those departments in a manner that will most efficiently fulfill the Commission's mandate. The Director General shall designate one such department, internal unit or subdivision to act as a point of liaison with the Coalition Forces and Iraqi military. Following consultation with the Iraqi Governing Council (IGC) and the Ministry of Communications, the Administrator of the Coalition Provisional Authority (the "Administrator") shall appoint the initial Chair, two Commissioners, the Director General and the Inspector General, who shall immediately begin operating the Commission. The Administrator shall appoint the remaining Commissioners by 30 June 2004.

1) Board of Commissioners.

a) The Board of Commissioners shall have nine (9) members, one of which shall be appointed by the Board as the Chair.

b) The Board shall oversee and receive reports from the Director General, provide strategic and budgetary guidance to the Commission, adopt codes of practice, rules and regulations for broadcasting and telecommunications, finally approve the Commission's budget and define rules of procedure for its operations and those of the Hearings Panel.

c) The Board shall meet at least once a month and all decisions of the Board of Commissioners shall be made by majority vote, provided that at least six (6) of the members are present and vote. The Chair shall cast the deciding vote in case of tie vote by the Board members on any matter before the Board.

d) Commissioners shall have senior-level experience in legal affairs, management, business, regulation, engineering, telecommunications, broadcasting, or journalism and shall be individuals of impeccable character.

e) The Chair shall have an initial term of office of two (2) years, and Commissioners shall be appointed, on an alternating basis, to initial terms of office of two (2), three (3) or four (4) years, in order to ensure staggered terms of office that will promote continuity of experience on the Board. The Chair and Commissioners may be reappointed only once. Subsequent Chairs and Commissioners shall be appointed or reappointed to four (4) year terms of office by the Prime Minister, subject to approval by majority vote of the body vested with national legislative authority.

f) Commissioners may not hold any executive, legislative or judicial position, whether appointed or elected, at any level of government, nor be an appointed, elected or voluntary official of any political party while serving on the Board.

g) While serving with the Commission, no Commissioner shall have any financial or business relationship with a telecommunications operator, broadcaster, information services provider or media interest or with any group or association that represents the interests of telecommunications operators, broadcasters, information service providers or media interests.

h) Commissioners shall be paid a stipend and reimbursed for authorized expenses from the budget of the Commission.

2) Director General.

a) The Director General shall be the Commission's chief executive officer, responsible for all functions of the Commission, including the preparation and submission of the Commission's budget, except those functions reserved to the Board of Commissioners under this Order. The Director General shall have a term of four (4) years and may be re-appointed only once. The Board of Commissioners shall appoint a successor to the initial Director General following the completion of his/her 4-year term or upon his/her earlier dismissal for cause.

b) The Director General shall have senior-level experience in legal affairs, management, business, regulation, engineering, telecommunications, broadcasting, or journalism and shall be an individual of impeccable character.

c) The Director General may not hold any executive, legislative or judicial position, whether appointed or elected, at any level of government, nor be an appointed, elected or voluntary official of any political party while serving as Director General.

d) While serving with the Commission, the Director General shall not have any financial or business relationship with a telecommunications operator, broadcaster, information services provider or media interest, or with any group, organization or association that represents the interests of telecommunications operators, broadcasters, information services providers or media interests.

3) Hearings Panel.

a) The Hearings Panel shall consider and determine grave and serious breaches of codes and licenses and shall consist of five (5) members, who shall have backgrounds in the legal profession or in relevant fields.

b) The Board of Commissioners shall appoint the members of the Hearings Panel, in consultation with the IGC and the Administrator.

c) Unless the Director General determines otherwise, evidentiary sessions of the Hearings Panel shall be public and its decisions shall made public.

4) Appeals Board.

a) A three (3) person independent Appeals Board shall hear appeals of decisions by the Commission, whether rendered by the Director General or by the Hearings Panel.

b) The Appeals Board shall consist of a Judge, an attorney with communications regulatory experience and a member with professional or business experience

in the legal profession or the relevant fields. The Appeals Board shall elect one of its members as Chair.

c) Members of the initial Appeals Board shall be appointed by the Administrator in consultation with the IGC; two (2) for a period of four (4) years and the third for a period of two (2) years. Subsequent appointments to the Appeals Board shall be made by the Minister of Justice or the head of its successor body. Members of the Appeals Board may be reappointed only once.

d) Unless determined otherwise by the Chair of the Appeals Board, evidentiary sessions of the Appeals Board shall be public. All decisions by the Appeals Board shall be made public.

e) To ensure independence from the Commission, members of the Appeals Board shall be remunerated by the Ministry of Justice or its successor body.

5) Inspector General. There is hereby established within the Commission an Office of Inspector General, which shall be appointed and operate in accordance with CPA Order No. 57, Inspectors General.

Section 5
Functions

1) The Commission shall manage communications and media licensing processes in Iraq, and shall ensure that the radio frequency spectrum is used in a manner that recognizes the value and scarcity of this resource.

2) The Commission shall establish a regulatory regime for telecommunications, broadcasting and information services, by:

a) Promulgating a comprehensive statement of Iraqi communications policy as its first order of business, in consultation with internationally recognized experts in the fields of telecommunications, broadcasting and information services;

b) Drafting and promulgating rules and regulations that are necessary and appropriate for the competitive provision of telecommunications, broadcasting and information services in Iraq;

c) Commencing work on a comprehensive draft law for the regulation of communications in Iraq, within thirty 30 days following commencement of Commission operations;

d) Establishing a regime to license telecommunications network operators, broadcasters and providers of telecommunications, broadcasting and information

services, in consultation with the industry;

e) Establishing license conditions required to ensure compliance with the rules, regulations and mandates established by the Commission pursuant to this order, and monitoring licensees' compliance with said licensing conditions;

f) Establishing procedures and requirements for the registration of those enterprises that provide information services as deemed necessary by the Commission;

g) Creating effective and mandatory Codes of Practice governing the actions of licensed entities, with the participation of the industry. At a minimum, the Commission shall draft and implement standards and rules for the following:

(1) Interconnection rates, terms and conditions;

(2) Competitive provision of telecommunications, broadcasting and information services, including the tariffing of telecommunications services not subject to effective competition;

(3) Access to inputs required for deployment of networks and services, including rights of way and pole attachments;

(4) Access to numbering resources;

(5) Quality of service offered by licensed entities;

(6) Fraud and misleading business practices;

(7) Broadcasting responsibility;

(8) Advertising and sponsorship;

(9) Media activities during election periods;

(10) Protection of copyrights;

(11) Negotiation of network termination charges among carriers, and international settlement rates, pursuant to recommendations of the International Telecommunications Union (ITU); administration of such charges and rates through Network Operations and Billing Support Systems (OSS/BSS);

(12) International charging agreements for telecommunications services; and

(13) Development and promotion of policies for Universal Access to basic telephone services as deemed necessary by the Commission.

h) Encouraging freedom of expression and professionalism of the press by working with the Iraqi press community to develop a Code of Ethics for the press and, in consultation with the industry and relevant professional journalists' associations, developing a system to implement the Code through self-regulation. The written press shall not require a license to operate within Iraq;

i) Planning, managing, allocating and assigning radio-frequency spectrum, subject to the needs of the military, and publishing a radio-frequency usage plan for Iraq;

j) Establishing and maintaining a license fee system for both broadcasting and telecommunications;

k) Requiring the disclosure and provision of such information as is necessary for the due performance of its regulatory obligations;

l) Administering the requirements of all related Orders issued by the Administrator and following the transfer of governance authority to the transitional Iraqi administration, implementing the stated communications policy thereof; and

m) Coordinating with each of the CPA (or the U.S. Embassy, Baghdad, following the transfer of full governance authority to the Iraqi Interim Government), the Iraqi Ministry of Communications, Ministry of Defence and the Commander of Coalition Forces (or Commander, Multinational Force, following the transfer of full governance authority to the Iraqi Interim Government) regarding any actions that may affect their use of telecommunications, broadcasting and information services or networks and radio-frequency spectrum, to ensure that no such actions interfere with military requirements necessary in the interest of national security.

Section 6
Dismissal Authority

From the transfer of full governance authority to the Iraqi Interim Government until the formation of an Iraqi government pursuant to a permanent constitution, the body vested with national legislative authority may terminate the appointment of the Director General or a member of the Board of Commissioners only upon two-thirds vote. Until such transfer off full governance authority, the Administrator shall have sole authority to terminate the appointment of the Director General or a member of the Board of Commissioners. Such terminations by the Administrator or the body vested with national legislative authority may occur for only the following reasons:

1) Incapacity caused by illness;

2) Conviction of a crime punishable by imprisonment;

3) Conflict of interest, as defined in the Commission's Code of Ethics, including when a member of the household of the person to be removed is an owner, shareholder, or

member of the board, supervisory board or other relevant governing body, or director, president or other manager of any licensee or associate undertaking of any licensee and such conflict of interest is not remedied in accordance with the Commission's Code of Ethics;

4) Failure to perform duties pursuant to relevant legislation, internal Commission rules or Contracts of Employment, including, in the case of members of the Board of Commissioners, failure to participate in three (3) or more successive meetings; or

5) Violation of the Commission's Code of Ethics or other applicable law.

Section 7
Conflicts of Interest

Neither the Director General, nor any member of the Board of Commissioners, the Hearings Panel or the Appeals Board may work on any matter that will affect (i) his or her personal financial interests, (ii) the financial interests of his or her spouse or minor child, (iii) the financial interests of his or her business partner, (iv) the financial interest of any organization in which he or she serves as an officer, director, general partner, employee, or trustee or (v) the financial interest of any entity with whom he or she has an arrangement for employment or is negotiating for employment. In such situations, he or she may either divest the interest causing the conflict or recuse him or herself from any involvement in the matter. The Director General shall apply this section to the Commission staff, as appropriate.

Section 8
Adverse Actions

1) The Board of Commissioners shall develop criteria for determining whether the terms of a media license or other rule or regulation of the Commission have been violated. Such criteria shall provide that either the Director General or Hearings Panel may determine whether a violation occurred, and that the Hearings Panel shall address more serious allegations.

2) In cases under the jurisdiction of the Director General, the Director General shall review the facts of the case and if necessary, request additional information from the broadcaster, telecommunications operator or information services provider affected. The Director General shall base his or her decision on this evidence, and shall include in the analysis, whether or not a breach or violation exists and, where appropriate, the level of damage accrued, the seriousness of the offense, and whether mitigating or aggravating circumstances are present.

3) In such other cases or in cases of persistent or repetitious violation, the Hearings Panel shall determine whether a violation occurred, in the following manner:

a) The Director General shall present the complaint to the Hearings Panel. The broadcaster, telecommunications operator or information services provider affected shall have a full and adequate opportunity to reply;

b) Upon the evidence and arguments presented, the Hearings Panel shall adjudicate and issue a decision that shall be forwarded to the Director General for implementation. The Hearings Panel's decision must be presented in writing and must conclude whether or not a breach or violation exists; assess, where appropriate, the level of damage accrued and the seriousness of the offense; and address whether mitigating or aggravating circumstances are present.

4) If the Director General has reason to believe that an operation poses an imminent threat to the public safety or order, he or she may immediately suspend operations thereof, pending an accelerated review by the Hearings Panel.

5) Decisions of the Commission, whether rendered by the Director General or the Hearings Panel, may be appealed to the Appeals Board. The appellant shall have thirty (30) days within which to appeal a decision of the Commission, whether rendered by the Director General or the Hearings Panel. Any party to the case that wishes to oppose or comment on the appeal must do so within fifteen (15) days of the filing of the appeal. Once this fifteen (15) -day period ends, the Appeals Board may hold a hearing or require the submission of written testimony. The Appeals Board must then render its decision on the Appeal within thirty (30) days after the initial Appeal hearing or submission of testimony.

6) Decisions of the Director General and of the Hearings Panel remain binding and in force, pending the resolution of any appeal by the Appeals Board. The Appeals Board, upon hearing timely arguments from the parties, may uphold, overturn or remand decisions or orders before it to the Director General or the Hearings Panel. Once upheld by the Appeals Board, decisions are final.

7) All decisions, whether made by the Director General, Hearings Panel, or Appeals Board shall be in writing and shall be made available to the public.

8) Any person aggrieved by a rule, regulation, Code of Practice or decision adopted by the Commission may appeal that rule, regulation, Code of Practice or decision to the Appeals Board in accordance with the provisions of this Section.

Section 9
Enforcement

1) Except as otherwise specifically provided in this order, the Commission may secure compliance with license terms and conditions, Codes of Practice, and other rules and regulations, by applying and enforcing appropriate and proportionate sanctions including:

a) Issuing warnings;

b) Requiring publication of an apology;

c) Requiring mitigation or repair of harm to consumers;

d) Imposing financial penalties and placing liens on relevant bank accounts, if the penalties are not paid on time;

e) Suspending licenses;

f) Seizing equipment for which access into the licensee's premises is granted hereby;

g) Suspending operations;

h) Closing operations; and

i) Terminating or withdrawing licenses.

2) The Commission may enlist the support and assistance of Iraq law enforcement authorities, which authorities shall assist in a timely, professional and responsible manner. In addition, the Commission may, consistent with military operational requirements, request the support of Coalition Forces in enforcement efforts, if Iraqi police support is unavailable.

Section 10
Public Accountability

1) The Commission shall produce and publish an annual report of its activities and expenditures, and shall provide to the legislature an annual financial audit prepared in accordance with international accounting standards.

2) The Chair, the Board of Commissioners and/or the Director General shall appear before appropriate legislative or executive committees upon request, to defend or explain the Commission's activities and reports, and shall otherwise cooperate fully with legislative and executive entities in explaining Commission activities.

3) The Chair, Board of Commissioners, Director General, Hearings Panel and Appeals Board shall make available to the public, in full written form, all Commission decisions, rules, guidelines and codes, in an appropriate and timely manner.

4) The Commission shall adopt a public consultation process through which the views of government, the regulated industries, citizens and citizen organizations can be solicited with respect to proposed rules, guidelines, codes and policies.

5) All decisions of the Board of Commissioners shall be made public.

6) The Commission shall develop and adopt a Code of Ethics governing the Commission and its staff. Violations of this Code shall constitute grounds for appropriate disciplinary action.

Section 11
Funding and Compensation

1) The Commission shall be funded from the following sources:

 a) Recurring and non-recurring fees collected from licensees;

 b) Grants or donations received by the Commission from any source, insofar as they are in conformity with applicable law; and

 c) Funds appropriated by the U.S. Congress for the relief and reconstruction of Iraq.

2) The Director General shall prepare the Commission's annual budget, which shall be submitted to the Board of Commissioners for final approval.

3) Funds received by the Commission shall be used in accordance with the Commission's budget as directed by the Board of Commissioners.

4) Fines collected by the Commission in the performance of its right to apply enforcement measures shall be remitted to the Iraqi treasury.

5) The Commission's budget and use of funds shall be subject to review by both an independent domestic audit institution and an international audit institution annually.

6) All mobile cellular licenses issued on or after 22 December 2003 and the operations of the licensees shall be regulated and enforced by the Commission, and the Commission shall collect all license fees associated with the issuance of such licenses. License fees already collected by the Ministry of Communications shall be transferred to the Commission.

7) Notwithstanding CPA Order No. 30, Reform of Salaries and Employment Conditions of State Employees, 8 September 2003, employees of the Commission shall be compensated at rates prescribed by the Administrator or, following the transfer of full governance authority to the new Iraqi government, the Prime Minister.

Section 12
Effect on Previous Orders

1) Within thirty (30) days following establishment of the Commission, the licensing responsibilities set forth in CPA Order Number 11, Licensing Telecommunications Services and Equipment, shall be transferred from the Ministry of Communications to the Commission. CPA Order Number 11 shall be rescinded thirty (30) days following the effective date of this Order, or upon the Administrator's determination that the licensing responsibilities have been effectively transferred in full, whichever is earlier.

2) CPA Order Number 14 regarding Prohibited Media Activity, shall remain in force until the Commission promulgates rules and regulations applicable thereto and the Administrator rescinds that Order, or until the transitional Iraqi administration enacts superseding legislation.

Section 13
Entry into Force

This Order shall enter into force on the date of signature and shall continue in effect until such time as the transitional Iraqi administration enacts superseding legislation.

3/20/04

L. Paul Bremer III
Administrator

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 66

IRAQ PUBLIC SERVICE BROADCASTING

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003);

Recalling that U.N. Resolution 1483 (2003) called upon the CPA to promote the welfare of the people of Iraq through the effective administration of the territory and to contribute to conditions of stability and security;

Underscoring the significance of the media in building a democratic society and the need to encourage a professional, impartial and independent broadcasting sector;

Emphasizing that open and rigorous debate is essential to the development of the democratic process in Iraq, and the vital role of public service broadcasting in facilitating such debate;

Recognizing the right of freedom of expression, including freedom of the press and the right to hold opinions without interference as articulated in the International Covenant of Civil and Political Rights to which Iraq is a party, and as guaranteed in the Transitional Administrative Law approved unanimously and without reservation by the Iraq Governing Council;

Further recognizing the corresponding duty of governments not to interfere with the independence of the media, and emphasizing that independence in this context means freedom from control, undue influence, interference, or pressure from political or other external forces;

Noting that CPA Order Number 65 regarding the establishment of the Iraq Communications and Media Commission grants authority thereto to regulate broadcasting;

Desiring to create an impartial and independent tool for public debate, which acts as an agent of pluralism and diversity, and as an instrument for building a constructive national identity accessible to the entire population of Iraq;

Further noting the unique capabilities of public service broadcasting to serve, on a non-discriminatory basis, the viewing needs of a diverse public, including underrepresented national minorities and other niche segments of society;

I hereby promulgate the following:

Section 1
Purpose

This Order is designed to:

1) Establish an institutional framework that will educate, entertain and inform the people of Iraq, but will not be a tool of political or other inappropriate outside interests;

2) Create an open forum that respects and promotes human rights and freedoms, notably the right to freedom of expression, in which views can be debated and where information, opinions and criticism circulate without interference;

3) Create a platform to reflect and foster the varied values of Iraqi society, which facilitates access by the public to information vital to participating in a rapidly globalizing world and which contributes to an unbiased representation of Iraq society to the world;

4) Create a forum within which minority languages and culture are allowed to develop in a non-divisive manner and in a way that contributes to reconciliation, tolerance and unity;

5) Create an organization mandated to encourage and promote innovation and experimentation in broadcasting; and

6) Foster indigenous creative capacity through the development, commissioning and/or purchase of domestic productions.

7) Incorporate the Iraqi Media Network, including its newspaper and publishing activities, as the Iraq Public Service Broadcaster.

Section 2
Definitions

1) "Broadcasting" means any point-to-multipoint transmission or emission of signals, text, images, audio or video content or data by wire, optical fiber, radio, or any other electromagnetic means intended for reception by all or a portion of the public.

2) "Charter" means the document that serves as the moral contract between the public broadcaster and the people of Iraq and lays out what is expected of the public broadcaster in return for the public funds used to finance its operations.

3) "Distinctiveness" describes the sustained effort by the public service broadcaster to distinguish itself in programming and aspiration from other broadcasting services including state and commercial broadcasting.

4) "Diversity" describes a sustained effort to meet the multiple needs and interests of society through different genres and by responding to the otherwise unmet needs of a variety of segments within the viewing public.

5) "Independence" means the ability to operate financially, editorially and managerially free from influence or control by the government, or by inappropriate external interests.

6) "Public Service Broadcasting" means broadcasting pursuant to a legal obligation to entertain, educate and inform all segments of Iraq society on a wide variety of issues, developments, events and phenomena in the country and abroad. Other obligations include, but are not limited to, ensuring open and free discussion of issues of public interest, fostering civil society, encouraging indigenous creative capacity and representing the needs of the general public.

7) "Universality" means ensuring that as much of the population of the country as possible should have access to public broadcasting services.

Section 3
Establishment

1) This Order hereby establishes the Iraqi Media Network ("IMN") as the public service broadcaster for Iraq, which shall broadcast across the territory of Iraq. The public service broadcaster shall be an independent institution charged with disseminating information in accordance with this Order and with the terms and conditions of its operating license. It shall have the status of a legal person with all rights attendant thereto.

2) The public service broadcaster shall act in accordance with the principles of independence, universality, diversity and distinctiveness. The public service broadcaster shall reflect the democratic, social and cultural values of Iraqi society and at all times shall strive to reflect fairly and equitably the regional, cultural and political diversity of Iraq and its people.

3) The public service broadcaster shall be licensed by the Iraq Communications and Media Commission in accordance with this Order and other applicable law and shall be subject to the Commission's regulatory authority.

Section 4
Organization

The public service broadcaster shall have a Board of Governors; a Financial Committee; a Director General; and such advisory boards and other committees as the Board of Governors deems necessary. The Director General may establish any departments or other internal units or subdivisions he or she deems necessary, and staff those departments in a manner that will most efficiently fulfill the public service broadcaster's mandate. Following consultation with the Iraqi Governing Council ("IGC") and the Ministry of Communications, and as soon as practicable, the Administrator shall appoint the initial Chair, two Governors, the three members of the Financial Committee, at least one of whom shall be a representative of a donor nation(s), who collectively, shall immediately begin operating the public service broadcaster. The Administrator shall appoint the remaining Governors and the Director General by 30 May 2004, following the same consultative process. The Board of Governors shall appoint successor Directors General. The Chair and members shall have a term of office of four (4) years and may be reappointed only once. Vacancies shall be filled by the Administrator and, after the transfer of full governance authority to the Iraqi Interim Government, the Prime Minister, subject to approval by a two-thirds vote of the body vested with national legislative authority.

1) Board of Governors.

 a) The Board of Governors shall have nine (9) members, including a Chair. Eight (8) of the members shall be Iraqi citizens, and the remaining member shall be a non-Iraqi with international experience in broadcasting.

b) The Board of Governors shall serve as the guardian of the public interest and as such, shall ensure that the obligations of the public service broadcaster operating license are met; comply with provisions of the public service broadcaster Charter; represent the public with regard to programming, serve as a buffer between the public service broadcaster and the government and other external pressures and oversee and receive reports from the Director General, as required.

c) The Board of Governors shall be the sole body authorized to dismiss the Director General, pursuant to the conditions set forth in Section 5(2), below.

d) Within thirty (30) days following commencement of public service broadcaster's operations, the Board of Governors shall commence work on a comprehensive Charter for public service broadcaster that shall convey to the people of Iraq what is expected of the public service broadcaster in return for the public funds used to finance its operations. A thirty (30) day period of public notice and consultation shall be provided prior to the adoption of the Charter by the Board of Governors. The Board of Governors shall adopt a Code of Ethics for their operations and other internal rules, as appropriate.

e) Additionally, the Board of Governors shall, by the deadline specified in subsection (d), above, begin consultations with the Iraqi Communications & Media Commission, or appropriate legislative committees, to draft a law that comprehensively addresses public service broadcasting in Iraq and fully respects the principles set forth in Section 3(2) of this Order.

f) The Board shall meet at least once a month and all decisions of the Board of Governors shall be made by majority vote, provided that at least six (6) of the members are present and vote. The Chair shall cast the deciding vote in case of tie vote by the Board members on any matter before the Board.

g) The Board of Governors shall produce and publish an annual report of its activities and expenditures, and shall provide to the legislature an annual financial audit prepared in accordance with international standards.

h) Except as provided elsewhere in this Order, members of the Board of Governors should be drawn from Iraqi civil society and shall represent a cross-section of the viewing public. Governors shall be individuals of impeccable character and reputation.

i) Members of the Board of Governors may neither hold any executive, legislative or judicial position, whether appointed or elected, at any level of government, nor be an appointed, elected or voluntary official of any political party while serving on the Board.

2) Financial Committee.

a) The Financial Committee shall have three (3) members, all of whom shall be experts in finance or business administration.

b) The Financial Committee shall act as a supervisory body to ensure that public funds and donated funds and/or equipment are utilized efficiently and transparently. The Financial Committee shall examine expenditures and prepare reports and/or issue recommendations on financial matters for the Board of Governors. In preparing these reports, the Financial Committee may compel the Director General to submit relevant information and respond to questions regarding such information.

c) The Financial Committee shall examine and authorize the budget submitted to it by the Director General and shall authorize expenditures in excess of 150,000,000 Iraqi Dinars. The Finanical Committee may raise this amount at their discretion.

d) The Financial Committee shall meet at least monthly and when requested by the Director General to authorize expenditures above 150,000,000 Iraqi Dinars. Decisions shall be made by majority vote.

e) The Financial Committee shall not have any authority with regard to programming or editing nor shall it have executive authority over any employee of the public service broadcaster.

f) The Financial Committee shall, within thirty (30) days of their appointment:

 i. Inventory all technical assets of IMN, including transmitter sites, perform a valuation of said assets and create a standard operating procedure for monitoring control thereof;
 ii. Review for submission to the Board of Governors all potential funding sources for the public service broadcaster, with the goal of eliminating/reducing the risk of political interference;
 iii. Create a 5-year Financial Plan for the public service broadcaster based upon the review conducted under subsection (f)(ii), above, and recommend the amount of a one-time start-up payment from the Iraq government, if any.

g) Members of the Financial Committee may neither hold any executive, legislative or judicial position, whether appointed or elected, at any level of government, nor be an appointed, elected or voluntary official of any political party, while serving on the Committee.

3) Director General.

a) The Director General shall be the public service broadcaster's chief executive officer, responsible for all functions of the public service broadcaster, including the preparation and submission of the public service broadcaster's budget. The Director General shall also be public service broadcaster's editor-in-chief and shall have final authority over all programming matters.

b) The Director General should have senior-level experience in broadcasting, journalism, business management, finance and/or broadcast engineering.

c) The Director General shall report to the Board of Governors. The specific duties and responsibilities of the Director General shall be set forth in the Charter.

d) The Director General shall represent the public service broadcaster in all legal matters.

e) The Director General shall appoint a Deputy for a term of service not exceeding the length of the Director General's mandate.

f) The Director General shall serve a term of office of four (4) years and may be reappointed only once. The Director General may not hold any executive, legislative or judicial position, whether appointed or elected, at any level of government, nor be an appointed, elected or voluntary official of any political party while serving on the Board.

4) Conflicts of Interest.

a) The Director General, members of the Board of Governors and members of the Financial Committee, with the exception of the international member(s), whose task is to represent donor nation(s) and safeguard their interests, are prohibited from working on any matter that will affect:

(i) His or her personal financial interests;
(ii) The financial interests of his or her spouse or child;
(iii) The financial interests of his or her business partner;
(iv) The financial interest of any organization in which he or she serves as an officer, director, general partner, employee, or trustee; or
(v) The financial interest of any entity with whom he or she has an arrangement for employment or is negotiating for employment. In such situations, he or she may either divest the interest causing the conflict or recuse him or herself from any involvement in the matter.

b) The Director General shall apply this subsection to the public service broadcaster staff, as appropriate.

Section 5
Termination Authority

1) Until such time as full governance authority is transferred to the Iraqi Interim Government, the Administrator shall have sole authority to terminate the appointment of any of the members of the Board of Governors before completion of their terms. After such transfer of governance authority, members of the Board of Governors may be dismissed only upon a two-thirds vote of the body vested with national legislative authority.

2) The Board of Governors shall have sole authority to terminate the appointment of the Director General.

3) Such terminations of the Director General or members of the Board of Governors may occur only in the limited circumstances defined as follows:

a) Illness rendering the Director General or any members of the Board of Governors incapable of performing his or her duties;

b) Conviction of a crime punishable by imprisonment;

c) A conflict of interest by the Director General, or a member of the Board of Governors, which includes situations where a household member thereof is an owner, shareholder, or member of the supervisory board or other relevant governing body, director, president or other manager of any licensee or associate undertaking of any licensee;

d) Non-performance of duties for members of the Board of Governors, as reflected by failure to participate in three (3) or more successive meetings; or

e) Failure of the Director General or member of the Board of Governors to perform his/her duties pursuant to relevant legislation, internal rules, Charter or his/her contract of employment;

f) Violation of the public service broadcaster's Code of Ethics.

Section 6
Public Accountability

In furtherance of its mandate to serve the public interest and conduct its operations in an efficient and transparent manner, the public service broadcaster shall:

1) Publish in advance broad frameworks for its schedules with commitments as appropriate for the individual channels;

2) Report, at the end of each year, on its performance against established goals, these reports being subject to independent review;

3) Provide details in its annual report of the cost and revenues associated with each of its services, including its commercial operations, if any;

4) Keep detailed financial records in a manner that will enable independent auditors, including the Board of Supreme Audit, to evaluate its performance in fulfilling its statutory remit;

5) Recognize, encourage and welcome the public's expression of views on its performance, and establish and develop means of enhanced communications with its audience, as well as ensure that all complaints are logged, acknowledged and investigated;

6) Adopt a code of fair trading to clarify how its activities will operate in a broadcasting landscape that has competing interests;

7) Pledge to deliver to its audience the highest level of programming in return for the public investment; and

8) Provide details of non-Arabic language programming and other non-Arabic language services in its Annual Report.

Section 7
Editorial and Programming Matters

1) The mandate of the public service broadcaster is to serve the public interest through the provision of diverse and distinct programming in the variety of languages spoken in Iraq, including Arabic, Kurdish, Assyrian and Turkmen, and shall include, among other things, the following:

 a) Programs that entertain, inform and educate;

 b) Programs of news and current affairs;

 c) Coverage of sporting, religious and cultural activities;

 d) Children's programming;

 e) Coverage of national government activities, as determined by the responsible editor;

 f) Indigenous Iraqi production;

 g) Programming that facilitates and encourages citizen participation in democratic processes, including programming that relates to political campaigns;

 h) Programming and a programming structure that reflects the diversity of Iraqi society;

 i) Programming that encourages understanding of issues of gender, age, disability, race, religion, membership in a political group or membership of a minority community in Iraqi society.

2) The public service broadcaster shall:

 a) Inform the public on all political, economic, social, health, cultural, educational, scientific, religious, ecological, sporting and other developments, events and phenomena in the country and abroad, as well as ensure open and free discussion on all issues of public interest;

 b) Foster, encourage, and develop all forms of domestic audio-visual creativity that contribute to the development of Iraqi culture, art and entertainment, and to the international representation of the Iraqi cultural identity;

 c) Broadcast programs intended for members of the Iraqi community outside Iraq;

 d) Inform and educate the citizens in all aspects of the preservation of cultural heritage;

 e) Inform and educate the citizens in all aspects of the protection of environment, as well as promote the right of all to a healthy environment;

 f) Foster and encourage the development of civil society and the rule of law.

3) The public service broadcaster shall encourage respect for and promote fundamental human rights and freedoms, including freedom of expression, democratic values and institutions, and the culture of public dialogue.

4) The public service broadcaster shall respect and encourage public understanding of political and religious pluralism.

5) This public service broadcaster shall treat impartially all political, economic, social, health, cultural, educational, scientific, ecological and other issues, and not advocate the positions or interests of any particular political, religious, commercial or other party. In doing so, the public service broadcaster shall ensure the public is aware of different points of view in order to create informed public opinion.

Section 8
Financing and Compensation

1) The Board of Governors, in conjunction with the Financial Committee, shall analyze various funding methods and create a plan for reliable funding of the public service broadcaster. Possible funding sources shall include, but shall not be limited to:

a) Tax on receiver purchase;

b) Subscription fee;

c) Advertising and sponsorship;

d) Revenues from technical services;

e) Donations and fund-raising through pledge drives or other means; and

f) Direct government grant.

2) Notwithstanding CPA Order No. 30, Reform of Salaries and Employment Conditions of State Employees, 8 September 2003, employees of the public service broadcaster shall be compensated at rates prescribed by the Administrator or, following the transfer of full governance authority to the new Iraqi government, the Prime Minister.

Section 9
Entry into Force

This Order shall enter into force on the date of signature and shall continue in effect until such time as new Broadcasting, Telecommunications and Media laws are adopted.

3/20/04

L. Paul Bremer III
Administrator

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 67

MINISTRY OF DEFENCE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recalling that U.N. Security Council Resolution 1483 (2003) calls upon the CPA to promote the welfare of the Iraqi people through the effective administration of the territory, including in particular working towards the restoration of conditions of security and stability,

Noting that CPA Order Number 2, Dissolution of Entities, May 23, 2003, as amended, dissolved the Ministry of Defence, the Ministry of State for Military Affairs, and other military organizations,

Noting that CPA Order Number 22, Creation of a New Iraqi Army, August 7, 2003, established a military force for the national self-defense of a future free Iraq,

Noting that CPA Order Number 23, Creation of a Code of Military Discipline for the New Iraqi Army, August 7, 2003, established a system of discipline to maintain order in the New Iraqi Army,

Noting that CPA Order Number 28, Establishment of the Iraqi Civil Defense Corps, September 3, 2003, established a temporary security and emergency service agency for Iraq to complement operations conducted by Coalition military forces in Iraq,

Noting that CPA Order Number 42, Creation of the Defense Support Agency, September 19, 2003, established a civilian agency charged with the administrative and logistical support of the New Iraqi Army,

Further noting the adoption of the Law of Administration for the State of Iraq for the Transitional Period on March 8, 2004,

Acknowledging the need to take measures to provide for the security of the Iraqi people and their inherent right to form a national self-defense capability for a free Iraq,

Recognizing the need to establish a new national ministry to provide proper civilian control of the Iraqi Armed Forces and supporting organizations,

I hereby promulgate the following:

Section 1
Establishment

1) A new Ministry of Defence (MoD) is hereby established. The new MoD is a wholly distinct and separate entity from the organization with the same name that previously existed in Iraq and was dissolved by CPA Order Number 2.

2) The MoD will operate under the authority, direction, and control of the Administrator of the CPA pending transfer of full governance authority to the Iraqi Interim Government established in accordance with the Law of Administration for the State of Iraq for the Transitional Period. The Administrator, after consultation with the Governing Council, will appoint an interim Minister of Defence. The interim Minister shall report directly to the Administrator.

3) The MoD will consist of the Ministry proper (including organizations for policy oversight, financial management and administration and logistics of the Iraqi Armed Forces), the Iraqi Armed Forces (IAF), and those members of the Facilities Protection Service (FPS) employed by the MoD for the defense of its installations.

Section 2
Transfer of Responsibility

1) The New Iraqi Army (including all associated personnel, facilities, and equipment) established pursuant to CPA Order Number 22 is hereby re-named the "Iraqi Armed Forces" and transferred to the MoD. All references to the "New Iraqi Army" in CPA Orders, Regulations, and Memoranda shall be deemed to refer to the "Iraqi Armed Forces."

 (a) The IAF will consist of the Army, Air Force, Coastal Defense Force, reserve components (when established), Iraqi Civil Defense Corps (ICDC) when transferred to the IAF, Iraqi Counter-Terrorism Force (ICTF), and associated headquarters.

 (b) All references in CPA Order Number 22 to "a civilian member of the CPA reporting directly to the Administrator and to whom authority has been specifically delegated in writing" shall be deemed to refer to the interim Minister of Defence.

2) On June 1, 2004, unless sooner directed by the Administrator of the CPA, the ICDC (including all associated personnel, facilities, and equipment) established pursuant to CPA Order Number 28 shall be transferred to the MoD as a component of the IAF.

3) The Code of Military Discipline established by CPA Order Number 23 shall apply to all elements of the IAF, including reserve components and the ICDC (when transferred to the IAF).

4) The Defense Support Agency (DSA), established by CPA Order Number 42, is hereby subsumed into the new MoD. The staff of the DSA shall be transferred immediately to the MoD, and the interim Minister shall assume full authority, direction and control over this staff. CPA Order Number 42 is hereby cancelled.

Section 3
Existing Law

Any laws or regulations inconsistent with the provisions of this Order are hereby suspended to the extent they are inconsistent with the provisions of this Order.

Section 4
Mission and Organization

1) Subject to the authority of the Administrator of the CPA, the interim Minister shall be responsible for management and employment of the IAF, to include the ICDC when transferred to the IAF, and shall exercise direction and control (including commissioning and appointments) over the IAF, to include the ICDC when transferred to the IAF, and its organizational structure in accordance with CPA Orders Number 22 and 28, respectively.

2) In light of the current emergency situation within Iraq, and consistent with Iraq's stated desire to join other nations in helping to maintain peace and security and fight terrorism during the transitional period pursuant to the provisions of United Nations Security Council Resolution 1511, all trained elements of the IAF, to include the ICDC when transferred to the IAF, shall at all times be under the operational control of the Commander of Coalition Forces for the purpose of conducting combined operations and providing other support in accordance with CPA Orders Number 22 and 28, respectively, and any future relevant CPA Orders. The interim Minister shall exercise administrative control over elements of the IAF that are under the operational control of the Commander of Coalition Forces.

3) The mission of the MoD is to secure, protect, and guarantee the security of Iraq's borders and to defend Iraq. In fulfilling this mission, the MoD shall:

(a) serve all Iraqis regardless of religious, sectarian, tribal, ethnic or political affiliations; and

(b) be accountable for the efficiency and effectiveness with which it carries out its mission.

4) The interim Minister shall organize the MoD into such groups, divisions and branches as are necessary to accomplish its mission, consistent with the positions and structures specified herein and the principles upon which the Ministry is established.

5) The interim Minister shall ensure that the organization is structured to provide civilian oversight of the following MoD functions:

(a) all aspects of defense, including military policy;

(b) budget and financial matters;

(c) human resources (civilian and military), including recruitment and training;

(d) acquisition, sustainment and logistics;

(e) infrastructure (including overseeing construction and facility management); and

(f) defense intelligence analysis and requirements.

6) The interim Minister, with the Administrator's support and approval, shall appoint personnel to serve in the following positions for a set term of three years:

(a) A Secretary General to act in the capacity of the senior civil servant and to serve as acting interim Minister of Defence during any temporary disability of the interim Minister of Defence or any vacancy in that position, to include any period of vacancy prior to the appointment of the initial interim Minister of Defence. If an interim Minister of Defence has not been appointed upon the establishment of the Ministry of Defence, the Administrator (or a

civilian member of the CPA reporting to the Administrator and to whom authority has been specifically delegated in writing) shall appoint a Secretary General to perform the functions and exercise the authorities specified herein for the interim Minister of Defence, pending the appointment of an interim Minister of Defence.

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(b) A Senior Military Advisor to the interim Minister and other senior government officials, to provide them with independent advice on operational and other military issues;

(c) A Chief of Staff of the IAF responsible for operational command and control of all Iraqi military forces;

(d) Directors General, as needed, to oversee and manage groups within the MoD. Directors General may be either civil servants or, selectively, uniformed officers.

(e) A General Counsel to provide legal analysis and advice on matters affecting the MoD and employment of the IAF. The General Counsel shall report directly to the interim Minister.

7) The Administrator of the CPA shall appoint an Inspector General for the MoD, to serve for a term of five years, and to operate and perform functions in accordance with CPA Order Number 57.

Section 5
Principles

The interim Minister shall ensure that the MoD adheres to the following key principles:

(a) Service: The MoD serves the Iraqi people. The IAF and MoD staff perform their duty selflessly, in a spirit of service.

(b) Loyalty: The IAF and MoD employees are loyal to their legally constituted superiors and to their subordinates.

(c) Civilian Control: The IAF and all those who work in the MoD are responsible to lawfully elected civilian authority.

(d) Professionalism: The culture and character of the MoD will reflect professionalism, technical competence, non-interference in domestic

affairs, merit, patriotism, respect for individual rights, and the rule of law. The MoD will understand and respect Iraqi society.

(e) Unity: The MoD will play its full part in reinforcing national unity, and will not be used to foster or institutionalize disunity.

(f) Representative: Though based on merit, the MoD broadly represents Iraqi society. No person will be selected for or denied advancement in the MoD on grounds of race, color, gender, religion, sect, tribal or regional origin.

(g) Integrity: Corruption is unacceptable. Rules and regulations will be established to eliminate waste, fraud, and abuse, and avoid conflicts of interest.

(h) Stewardship: The MoD will earn the respect and confidence of the Iraqi people by responsibly accounting for resources, acting in the country's interest, being effective in assigned missions, abiding by laws, and telling the truth.

(i) Transparency: The Iraqi people and their elected representatives have the right to know about MoD policies, organizations, financial matters, and operations. The MoD will be transparent in its international affairs, including active participation in international security institutions and the development of cooperative security relations.

(j) Security: The IAF and MoD employees will keep secret the national security information entrusted to them by lawful authority.

(k) Affordability: The MoD will keep the scale, capabilities, and costs of defense efforts in line with the needs of the country and within the budget provided by elected authority.

Section 6
Personnel Administration and Pay

1) The MoD shall accept the current personnel of the IAF, the Defense Support Agency, and the ICDC (when transferred to the IAF) and provide them with salaries and benefits commensurate with their positions and experience in those organizations. Such civilian and military personnel shall become employees of the MoD.

2) Employees of the dissolved former Ministry of Defence have no right or entitlement to be employed by the new MoD. However, nothing herein precludes such former employees from being employed by the new MoD, nor does it affect such former employees' entitlements to pensions, if any.

3) The MoD shall have the power to hire and employ personnel in accordance with Iraqi law, as amended by CPA Orders, Regulations, and Memoranda. Such hiring and employment shall be consistent with CPA Order Number 1 and any authorized implementation thereof.

4) Salaries of MoD employees shall conform to the salary structure applicable to Iraqi government employees.

5) Death and disability benefits for Eligible Employees of the MoD shall be paid and administered in accordance with CPA Order Number 63.

Section 7
Property

1) All movable and immovable property, including real estate, belonging to, used, possessed, or occupied by or under the control of the DSA, IAF, and ICDC (when transferred to the IAF) shall be transferred to the MoD.

2) All assets and facilities, including real estate, belonging to, used, possessed, or occupied by the dissolved former Ministry of Defence still held by the Administrator on behalf of and for the benefit of the Iraqi people shall be transferred as needed to the new MoD.

Section 8
Budget

1) The MoD shall coordinate with the Ministry of Finance and the CPA Office of Management and Budget to effect the transfer of the budget allocation for the DSA and IAF for the financial year 2004 to the MoD. The MoD shall further coordinate with the Ministry of Finance on the development of its own budgets.

2) The new MoD shall not be liable for any financial obligations of the dissolved former Ministry of Defence.

Section 9
Political Activities

1) Employees of the MoD shall not:

 (a) publicly state or suggest any opinion of a political nature that constitutes an effort to indoctrinate members of the MoD, IAF (to include the ICDC when transferred to the IAF), or any other person with a political ideology,

 (b) advocate racial, gender or ethnic hatred or intolerance; advocate, create, or engage in discrimination based on race, color, gender, religion, sect, tribal or regional origin; or use, or advocate the use of, force or violence or other unlawful means for political purposes, whether internal or international; or

 (c) participate in any manner in organizations or activities that involve, promote, or practice the conduct described in (b) above.

2) Members of the IAF, to include the ICDC when transferred to the IAF, may not hold or stand for election to political office or campaign for candidates.

3) A former member of the IAF may not hold political office unless the individual has resigned his commission or rank or retired from duty at least eighteen months prior to serving.

4) Nothing in this Section shall limit the right of an employee of the MoD to vote in elections for political office organized on a local, regional or national level.

Section 10
Conflicts of Interest

Employees of the MoD and their immediate family members shall not, directly or indirectly:

1) Hold financial interests that conflict with the employee's conscientious performance of duty.

2) Engage in private financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.

3) Solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the MoD, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.

4) Use public office for private gain.

5) Conduct any private activity that might give rise to the appearance of a conflict with official status or responsibilities.

Section 11
Administrative Instructions

The interim Minister may issue Administrative Instructions, not inconsistent with Iraqi law or any CPA Order, Regulation, or Memorandum, as the interim Minister deems necessary to carry out the duties described in this Order.

Section 12
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer 3/21/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 68

MINISTERIAL COMMITTEE FOR NATIONAL SECURITY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recalling that U.N. Security Council Resolution 1483 (2003) calls upon the CPA to promote the welfare of the Iraqi people through the effective administration of the territory, including in particular working towards the restoration of conditions of security and stability and the creation of conditions in which the Iraqi people can freely determine their own political future,

Noting the adoption of the Law of Administration for the State of Iraq for the Transitional Period on March 8, 2004,

Acknowledging the need to have consistent access to high quality, impartial assessments of Iraqi national security interests from an Iraqi perspective,

Recognizing the immediate need for structures to coordinate the work of the various agencies and Ministries charged with protecting and advancing the national security interests of Iraq, particularly in defining policies to counter the threat of terrorism,

I hereby promulgate the following:

Section 1
Establishment

1) The Ministerial Committee for National Security (MCNS) is hereby established. The role of the MCNS is to facilitate and coordinate national security policy among the Ministries and agencies of the Iraqi government tasked with national security issues. It is the primary forum for Ministerial-level decision making on these issues.

2) The MCNS shall operate under the authority, direction, and control of the Administrator of the CPA, and shall be chaired by the Administrator pending transfer of full governance authority to the Iraqi Interim Government. Upon transfer of authority to such a government, the MCNS will be chaired by the head of the Iraqi Interim Government (which, for the purposes of this Order, shall be the senior civilian head of the Iraqi Interim Government with national

command authority as set forth in the Annex to the Law of Administration for the State of Iraq for the Transitional Period). Upon the formation of the Iraqi Transitional Government and dissolution of the Iraqi Interim Government, the MCNS will be chaired by the Prime Minister in accordance with Article 39 of the Law of Administration for the State of Iraq for the Transitional Period.

Section 2
Membership of the Ministerial Committee for National Security

1) The permanent members of the MCNS shall be the Administrator of the CPA (until such time as full governance authority is transferred to the Iraqi Interim Government, after which time it shall be the individual serving as Chair in accordance with Section 1.2), the Minister of Defence, the Minister of Interior, the Minister of Foreign Affairs, the Minister of Justice, and the Minister of Finance. Other Ministers may also participate in specific meetings at the request of the Chair. In the event a Minister is unable to participate due to travel or disability, a deputy or other designated senior ministry official may represent him or her. Until such time as all relevant Ministers are named, the senior representative of the relevant ministry may serve on the MCNS.

2) The MCNS shall also include, as permanent advisory members, the Senior Military Advisor, the Director General of the Iraqi National Intelligence Service, and the National Security Advisor.

3) The Commander of the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolution 1511, and any relevant subsequent resolutions, may be invited to attend and participate in meetings of the MCNS.

Section 3
The National Security Advisor

1) There is hereby established the position of National Security Advisor. The National Security Advisor is the primary advisor to the Administrator and the MCNS on national security matters, and shall manage and supervise the National Security Advisory Staff.

2) The National Security Advisor will be appointed by the Administrator, after consultation with the Governing Council. Upon formation of the elected Iraqi Transitional Government, the Prime Minister may choose either to retain the interim National Security Advisor or to name a new one.

3) The National Security Advisor appointed or retained by the Prime Minister of the Iraqi Transitional Government, and each of such National Security

Advisor's successors, shall be appointed for a set term of five years. The National Security Advisor may be removed from office only for cause. "Cause" shall include, but shall not be limited to, malfeasance, abuse of office, and bribery.

Section 4
The National Security Advisory Staff

1) The MCNS shall be supported by a staff of civil servants and military personnel detailed from Ministries and agencies (to include the INIS) represented on the MCNS, as well as up to five additional civil service staff hired specifically for this purpose. The total staff shall not comprise more than 20 personnel at any given time.

2) Civil service employees hired specifically to work on the National Security Advisory Staff shall be hired and employed in accordance with Iraqi law, as amended by CPA Orders, Regulations, and Memoranda. Such hiring and employment shall be consistent with CPA Order Number 1 and any authorized implementation thereof.

3) Salaries of civil service employees hired specifically to work on the National Security Advisory Staff shall conform to the salary structure applicable to Iraqi government employees.

4) The National Security Advisory Staff shall be considered a "Public Security Sector Organization" for purposes of CPA Order Number 63.

 a) A civil service employee detailed or specifically hired to work on the National Security Advisory Staff who meets the definition of "Eligible Employee" shall be entitled to death and disability benefits in accordance with Section 2.2 of CPA Order Number 63. For purposes of application of this Section 4.4(a), a civil service staff member detailed to work on the National Security Advisory Staff shall be deemed to be employed by that office.

 b) If by virtue of being an employee of the detailing Ministry or agency a detailed civil service staff member would be entitled to a greater death or disability benefit than that specified in Section 4.4(a) above, then the employee shall be entitled to the greater benefit.

 c) Military personnel detailed to the National Security Advisory Staff shall continue to qualify for death and disability benefits as employees of the Ministry of Defence.

Section 5
Entry into Force

This Order shall enter into force on the date of signature.

4/4/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 69

DELEGATION OF AUTHORITY TO ESTABLISH THE IRAQI NATIONAL INTELLIGENCE SERVICE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recalling that U.N. Security Council Resolution 1483 (2003) calls upon the CPA to promote the welfare of the Iraqi people through the effective administration of the territory, including in particular working towards the restoration of conditions of security and stability,

Noting that CPA Order Number 2, Dissolution of Entities, May 23, 2003, as amended, dissolved the Iraqi Intelligence Service,

Further noting the adoption of the Law of Administration for the State of Iraq for the Transitional Period on March 8, 2004,

Acknowledging that timely and accurate information about terrorism, domestic insurgency, espionage, narcotics production and trafficking, weapons of mass destruction, serious organized crime and other issues related to the national defense or threats to Iraqi democracy is essential to the security of Iraq,

Recognizing the need to establish a new national intelligence service to collect, analyze, and disseminate accurate and timely information related to the national defense and other threats to the security of Iraq,

I hereby promulgate the following:

Section 1
Delegation of Authority

1) The Governing Council is hereby authorized to establish a new Iraqi National Intelligence Service (INIS) by promulgating a statute on or before April 3, 2004, adopting the Charter for the INIS, the substance of which has been discussed between the Governing Council and the CPA and the proposed provisions of which are set forth in Appendix A. The INIS will be a wholly distinct and separate entity from any intelligence services that have previously existed in Iraq, to include the Iraqi Intelligence Service that was dissolved by CPA Order Number 2.

2) All references in the Charter to actions, authorities, and responsibilities to be exercised or performed by any organ of the Iraqi Government under the Law of Administration for the State of Iraq for the Transitional Period shall be deemed to refer to the Administrator of the CPA, pending transfer of full governance authority to the Iraqi Interim Government.

3) Upon promulgation of a statute adopting the Charter, the Administrator of the CPA, in consultation with the Governing Council, shall appoint an interim Director General of the INIS. The interim Director General shall report directly to the Administrator until such time as full governance authority is transferred to the Iraqi Interim Government, after which time the Director General shall report directly to the head of government.

 a) Upon formation of the elected Iraqi Transitional Government, the Prime Minister may choose either to retain the interim Director General or to name a new one.

 b) The Director General appointed or retained by the Prime Minister of the Iraqi Transitional Government, and each of such Director General's successors, shall be appointed for a set term of five years in accordance with the Charter.

Section 2
Terms and Conditions

The authority delegated under Section 1.1 of this Order shall be subject to the following terms and conditions:

1) In the event of a conflict between any promulgation by the Governing Council and any promulgation of the CPA, the promulgation of the CPA shall prevail.

2) The INIS shall work with the Ministry of Finance to develop its budget and, notwithstanding any existing salary scales applicable to Iraqi government employees, to establish a salary scale for INIS employees.

3) The INIS shall be considered a "Public Security Sector Organization" for purposes of CPA Order Number 63. Unless otherwise specified in the Charter, an INIS employee who meets the definition of "Eligible Employee," as defined in CPA Order Number 63, shall be entitled to death and disability benefits equivalent to those afforded to members of the Iraqi Armed Forces in accordance with Section 2.2 of that Order.

4) The Administrator reserves the authority to alter the statute establishing the INIS and adopting the INIS Charter or any rules or regulations promulgated by the INIS, if required to provide for the safety and security of Coalition Forces or the Iraqi people.

5) The Charter for the INIS shall provide that the Administrator shall appoint an Inspector General to the INIS, who shall possess the authorities and perform the responsibilities of Inspectors General as set forth in CPA Order No. 57, Iraqi Inspectors General, 10 February 2004, consistent with significant national security interests.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

CHARTER FOR THE

IRAQI NATIONAL INTELLIGENCE SERVICE

CHAPTER ONE -- PREAMBLE

ARTICLE 1. This charter establishes the Iraqi National Intelligence Service (INIS or the Service).

ARTICLE 2. All activities of the Iraqi National Intelligence Service will be conducted in accordance with the Law of Administration for the State of Iraq for the Transitional Period, signed March 8, 2004, and other laws of Iraq. At such time as the permanent Constitution of Iraq is adopted, the activities of the Service will be conducted in accordance with that constitution.

ARTICLE 3. Timely and accurate information about terrorism, domestic insurgency, espionage, narcotics production and trafficking, weapons of mass destruction, serious organized crime and other issues related to the national defense or threats to Iraqi democracy is essential to the security of Iraq. All reasonable and lawful means must be used to ensure that Iraq will receive the best intelligence available. For that purpose, the INIS will collect, analyze and disseminate this intelligence in a vigorous and responsible manner. The principles set forth in this Charter are designed to achieve the proper balance between the work of the INIS and protection of individual rights and liberties.

CHAPTER TWO -- AUTHORITIES AND RESPONSIBILITIES

ARTICLE 4. The Iraqi National Intelligence Service has the authority to collect intelligence and conduct related intelligence activities regarding:
-- Threats to the national security of Iraq.
-- Terrorism and insurgency.
-- Proliferation of weapons of mass destruction, narcotics production and trafficking, and serious organized crime.
-- Espionage and other acts threatening to Iraqi democracy.
Intelligence collected under this article may be disseminated to appropriate government entities both within and outside of Iraq. Any other dissemination of intelligence will be strictly limited to what is essential to the national security of Iraq. All intelligence activities will be strictly required to further national security, and will be subject to the oversight provisions of this Charter.

ARTICLE 5. The INIS will take no action to further or undermine the interests of any legal Iraqi political party or of any official within the Iraqi government.

ARTICLE 6. The INIS will take no action to further or undermine the interests of any Iraqi citizen or group based on race, religion, sect, gender, language, origin or tribal affiliation.

ARTICLE 7. The Service will conduct its activities in accordance with the fundamental freedoms and human rights contained in and protected by the Law of Administration for the State of Iraq for the Transitional Period, and in the permanent Constitution when adopted.

ARTICLE 8 The Service will provide objective, accurate and timely information to relevant government entities and policy makers.

ARTICLE 9. The Service will protect the security of its activities, information, members and property by appropriate means, including investigations of applicants, employees and contractors as necessary.

ARTICLE 10. The Service may conduct administrative support activities needed to perform its functions.

ARTICLE 11. The Service shall provide intelligence support and coordination to Iraqi military forces in furtherance of national security.

CHAPTER THREE -- RELATIONS WITH LAW ENFORCEMENT

ARTICLE 12. The INIS shall have no power to arrest or detain persons. The Service may provide intelligence support and coordination to Iraqi law enforcement authorities not precluded by other law.

ARTICLE. 13. When a member of the Service becomes aware of a possible serious violation of Iraqi criminal law, it will be reported by the Service to the appropriately authorized government authority. The report shall be made in a manner consistent with the protection of classified information. The handling of this information by a law enforcement authority will also be done in a manner, approved by the Director General of the Service, which protects classified information. Upon receipt of this report, the Governorate authority will refer the matter, as appropriate, for prosecution in the court having jurisdiction over the offense. Prior to the passage of legislation governing the protection of classified information in any court, this information will be protected pursuant to procedures adopted by the Higher Juridical Council and approved by the Director General of the INIS.

CHAPTER FOUR -- DIRECTOR GENERAL OF THE INIS

ARTICLE 14. The head of government shall appoint the Director General of the INIS, subject to confirmation by the body vested with national legislative authority. This appointment shall be made on the basis of integrity, compliance with the security standards of the Service, and demonstrated ability in government administration and national security issues. The Director General will serve for a period of five years.

ARTICLE 15. The Director General of the Service shall:
-- Act as the principal adviser to the head of government and the Council of Ministers for intelligence matters related to the national security. This will include serving in an advisory role on all ministerial level executive branch structures relating to national security policy, intelligence policy, and other issues as might be deemed relevant by the Government of Iraq.
-- Have responsibility for the collection, analysis, production and dissemination of intelligence, which should be objective and independent of political, racial, religious, gender, language or origin or tribal considerations, and is otherwise subject to Articles 5, 6 and 7 above.
-- Coordinate all intelligence activities of the Iraqi Government institutions.
-- Ensure that no information is obtained by the Service except so far as necessary for the proper discharge of its responsibilities as set out in Article 4 above, and that no information is disclosed by it except for the purposes set out in Articles 4, 8, 11, and 12 above.
-- Protect intelligence sources and methods and other classified information from disclosure without lawful authority.
-- Make an annual report on the work of the Service to the Council of Ministers and may at any time report to the head of government on any matter relating to its work.
-- Promulgate such rules and regulations, consistent with the Charter, as are necessary to carry out the functions of the INIS. The application of such rules and regulations to specific citizens is subject to judicial review by courts of competent jurisdiction.

ARTICLE 16. The Director General will have:
-- Authority to appoint members to the Service.
-- Authority, notwithstanding the provision of any other law, in his discretion to terminate the employment of any member of the Service whenever he deems it necessary or advisable in the interest of national security. This authority may not be exercised in violation of the Law of Administration for the State of Iraq for the Transitional Period or the permanent Constitution, when adopted.

-- Authority to enter into relationships and intelligence activities with intelligence and security agencies of foreign governments in furtherance of the authorities specified in Article 4 of this charter.

ARTICLE 17. To assist the Director General in carrying out the Director General's responsibilities under this charter, there shall be a Deputy Director General of the INIS, who shall be appointed in the same manner and who shall act for, and exercise the powers of, the Director General during his absence or disability.

CHAPTER FIVE -- PROTECTION FOR INIS INFORMATION

ARTICLE 18. In the interests of the national security of Iraq and in furtherance of the Director General's responsibility to protect classified information from disclosure without lawful authority, the INIS will be exempt from any Iraqi laws requiring public disclosure of the organization, functions, names, titles, salaries or numbers of personnel employed by the Service. Service members (for purposes of this charter, service members include employees and contractors) must protect official secrets, and will sign a secrecy agreement as a condition of employment. This secrecy agreement will include the requirement for pre-approval by the Service of any writing or electronic dissemination outside officially sanctioned channels that may contain classified information. This obligation does not cease when the member is no longer employed by or under contract with the Service.

ARTICLE 19. A person who is or has been a member of the INIS, or who otherwise has been given access to classified information, and who communicates any such information to a person to whom he knows that the information ought not to be communicated, shall be punished in accordance with the Iraqi penal code. In addition, a member of INIS who commits such an offense will be subject to appropriate disciplinary action by the Service, including dismissal from INIS.

CHAPTER SIX -- INSPECTOR GENERAL

ARTICLE 20. The head of government shall appoint an Inspector General for the INIS whose responsibility it is to conduct inspections of Service activities. The appointment of the Inspector General shall be made without regard to political affiliation (consistent with applicable de-Ba'athification policy) and on the basis of integrity, capability for strong leadership, compliance with the security standards of the Service, expertise in national security issues, and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, investigation, criminal justice administration, or other closely related fields. In addition, the Inspector General should possess

demonstrated knowledge, skills, abilities and experience in conducting audits and investigations.

ARTICLE 21. It is the responsibility of the Inspector General to:
--Establish an effective program of audit, investigation and performance review to provide increased accountability, integrity and oversight of the INIS and to prevent, deter and identify waste, fraud, abuse of authority and illegal acts.
--Conduct investigations, audits, evaluations, inspections and other reviews in accordance with generally accepted professional standards.
--Report findings and recommend corrective actions directly to the Director General, except in cases involving allegations of misconduct by the Director General, in which case he shall report his findings and recommendations directly to the head of government.
--Monitor the progress of any corrective actions ordered by the Director General.
--Protect classified information in any report or recommendation that he makes.
--Subject to the policies of the Director General, select other employees of the Service to assist him in carrying out his functions.

ARTICLE 22. The Inspector General will have access to Service members and records which relate to the activities being inspected. The Director General may prohibit the Inspector General from initiating, carrying out or completing any inspection or financial audit, except in cases involving allegations of misconduct by the Director General, if the Director General believes it is necessary to protect significant national security interests. The Director General must report this action to the head of government within one week.

CHAPTER SEVEN -- LEGISLATIVE OVERSIGHT

ARTICLE 23. During the transitional period (which shall be defined to mean the period described in Article 2(A) of the Law of Administration for the State of Iraq for the Transitional Period), legislative oversight of the INIS will be carried out by a committee of the body vested with national legislative authority. Following the adoption of a permanent constitution, this oversight will be carried out by one committee of the body vested with national legislative authority.

ARTICLE 24. The Committee will consist of a suitable number of members appointed by the body vested with national legislative authority from among its members. Its function is to examine the expenditures, administration and policy of the Service. The Committee may request information regarding specific activities of the INIS. To the maximum extent practicable, and consistent with national security interests, the Director General of the INIS, with the approval of the head of government, shall provide information to the Committee on such activities.

ARTICLE 25. The Committee shall make an annual report on the discharge of its functions to the head of government and may at any time report to him on any matter relating to the discharge of those functions. The head of government will present to the body vested with national legislative authority a copy of each annual report made by the Committee. If it appears to the head of government, after consultation with the Committee, that the publication of any matter in a report would be prejudicial to the continued discharge of the functions of the Service, the head of government may exclude that matter from the copy of the report presented to the body vested with national legislative authority. The report will contain a statement as to whether any matter has been excluded from the report.

ARTICLE 26. The Committee will establish written procedures to protect all classified information that is furnished to the Committee from disclosure without lawful authority. These procedures shall be approved by the Director General of the INIS. No staff officer of the Committee may be given access to any classified information unless the officer has (1) agreed in writing and under oath to be bound by the security rules of the Committee both during and after his employment with the Committee, and (2) received a security clearance as determined by the Committee and approved by the Director General of the Service.

CHAPTER EIGHT -- COLLECTION OF INFORMATION

ARTICLE 27. The Service is authorized to collect, retain and disseminate to other government entities and for other lawful governmental purposes information concerning citizens of Iraq only in accordance with written regulations established by the Director General and approved by the Minister of Justice. These procedures shall permit collection, retention and dissemination of the following types of information:

--Information that is publicly available or collected with the consent of the person concerned.

--Information for the purposes of a lawful counter-terrorist, counterinsurgency, counter-proliferation, counter-narcotics, counterintelligence or other activity to protect against threats to Iraqi democracy.

--Information needed to protect intelligence sources and methods from disclosure without lawful authority.

--Information concerning persons who are reasonably believed to be potential sources or contacts of the Service for the purpose of determining their suitability or credibility.

--Information arising out of a lawful personnel, physical or communications security investigation.

--Information obtained that may indicate involvement in activities that may violate Iraqi or foreign laws.

--Information necessary for administrative purposes.

ARTICLE 28. Entry on or interference with property or interception of communications by the Service will be done only in accordance with minimization standards that are designed to minimize the unintentional acquisition, retention and dissemination of information about citizens of Iraq that is not of value in its work on national security, including serious organized crime issues. The INIS will use these techniques upon approval of the Director General or Acting Director General. In addition, for Service activities, the advance authorization of a judge, who is approved by the Higher Juridical Council, will be obtained in the form of a warrant to conduct the technique. This warrant will be valid for a period of no longer than ninety days, at which time it may be renewed by the judge, if sufficient cause continues to exist. If the action authorized is no longer necessary before the end of the period authorized by the warrant, the Service will end the use of the technique immediately. A warrant will be issued only where the judge finds that the warrant is likely to provide information relating to national security, including serious organized crime, and where the information cannot reasonably be obtained by other means.

CHAPTER NINE -- ORGANIZATION AND ADMINISTRATION

ARTICLE 29. The Service will have the necessary number of offices within the Governorates, in addition to its central office in Baghdad. The number and structure of offices will be determined upon proposal by the Director General, and approved by the head of government. All offices will follow the directives of the Director General.

ARTICLE 30. The Director General will issue regulations for the administration of the Service. These will include security, training, disciplinary proceedings and other personnel matters, logistics, and other issues of importance within the Service.

ARTICLE 31. The Service shall enjoy a juridical personality legally represented by the Director General of the INIS, or the acting Director General, or other Service member authorized by the Director General.

ARTICLE 32. The Service may contract with other persons and institutions to perform tasks related to the authorized functions of the Service, in accordance with appropriate security standards established by the Director General.

CHAPTER TEN -- COORDINATION WITH GOVERNMENT ENTITIES

ARTICLE 33. Other ministries and government entities shall cooperate with and assist the Service in performing its duties regarding national security, including serious organized crime, unless otherwise prohibited by law.

ARTICLE 34. The Service will disseminate, as appropriate, to other ministries and government entities the results of its analysis. This will be done on a timely basis and consistent with the protection of classified information. The service may also provide expert assistance unless otherwise precluded by law.

CHAPTER ELEVEN -- DUTIES AND RIGHTS OF SERVICE MEMBERS

ARTICLE 35. Laws and other regulations regarding employment, medical care, pension, disability insurance and other issues involving civil servants shall apply to the INIS unless otherwise regulated by this charter.

ARTICLE 36. In addition to general conditions for employment that apply to civil servants, the Director General of the Service may establish conditions for service members regarding expertise, health, work assignments, and security requirements that are consistent with the interests of the national security of Iraq. The terms and conditions will be issued after consultation with the head of government.

ARTICLE 37. The Director General, or those to whom he has delegated this responsibility, may issue a disciplinary order against a member who is found to have violated service terms and conditions or orders. Disciplinary proceedings will be conducted in accordance with written terms and conditions issued by the Director General.

ARTICLE 38. The Director General will issue a code of conduct for Service members.

ARTICLE 39. A Service member cannot be a member of the body vested with national legislative authority or hold other political office, run for political office, or publicly campaign on behalf of political candidates.

ARTICLE 40. A Service member who is disabled due to illness or injury received in the line of duty and not due to misconduct will continue to receive his salary during the period of disability or until otherwise eligible for retirement, whichever occurs first.

ARTICLE 41. If a Service member is acting within the scope of his duties and does not misuse his governmental position, the Service member will not be subject to legal liability for the performance of his governmental actions. If brought before a court for actions performed in the line of duty, the Service member will be provided legal counsel by the Service, unless the member was acting outside the scope of his duties or otherwise misused his governmental position. This article applies during the member's employment by the Service and continues even after that employment has ended.

ARTICLE 42. Pursuant to written regulations issued by the Director General, in consultation with the Minister of Interior, and after appropriate training, the Director General may authorize service members to carry a weapon in the performance of their duties, and use reasonable force to protect the service member or others against death or serious physical injury.

CHAPTER TWELVE -- CHARTER APPROVAL

ARTICLE 43. This charter for the Iraqi National Intelligence Service will take effect upon adoption by the Iraqi Governing Council in accordance with the authority delegated to it by the Administrator of the Coalition Provisional Authority.

ARTICLE 44. This Charter can be amended by the majority vote of the body vested with national legislative authority.

CHARTER FOR THE

IRAQI NATIONAL INTELLIGENCE SERVICE

CHAPTER ONE -- PREAMBLE

ARTICLE 1. This charter establishes the Iraqi National Intelligence Service (INIS or the Service).

ARTICLE 2. All activities of the Iraqi National Intelligence Service will be conducted in accordance with the Law of Administration for the State of Iraq for the Transitional Period, signed March 8, 2004, and other laws of Iraq. At such time as the permanent Constitution of Iraq is adopted, the activities of the Service will be conducted in accordance with that constitution.

ARTICLE 3. Timely and accurate information about terrorism, domestic insurgency, espionage, narcotics production and trafficking, weapons of mass destruction, serious organized crime and other issues related to the national defense or threats to Iraqi democracy is essential to the security of Iraq. All reasonable and lawful means must be used to ensure that Iraq will receive the best intelligence available. For that purpose, the INIS will collect, analyze and disseminate this intelligence in a vigorous and responsible manner. The principles set forth in this Charter are designed to achieve the proper balance between the work of the INIS and protection of individual rights and liberties.

CHAPTER TWO -- AUTHORITIES AND RESPONSIBILITIES

ARTICLE 4. The Iraqi National Intelligence Service has the authority to collect intelligence and conduct related intelligence activities regarding:
-- Threats to the national security of Iraq.
-- Terrorism and insurgency.
-- Proliferation of weapons of mass destruction, narcotics production and trafficking, and serious organized crime.
-- Espionage and other acts threatening to Iraqi democracy.
Intelligence collected under this article may be disseminated to appropriate government entities both within and outside of Iraq. Any other dissemination of intelligence will be strictly limited to what is essential to the national security of Iraq. All intelligence activities will be strictly required to further national security, and will be subject to the oversight provisions of this Charter.

ARTICLE 5. The INIS will take no action to further or undermine the interests of any legal Iraqi political party or of any official within the Iraqi government.

ARTICLE 6. The INIS will take no action to further or undermine the interests of any Iraqi citizen or group based on race, religion, sect, gender, language, origin or tribal affiliation.

ARTICLE 7. The Service will conduct its activities in accordance with the fundamental freedoms and human rights contained in and protected by the Law of Administration for the State of Iraq for the Transitional Period, and in the permanent Constitution when adopted.

ARTICLE 8 The Service will provide objective, accurate and timely information to relevant government entities and policy makers.

ARTICLE 9. The Service will protect the security of its activities, information, members and property by appropriate means, including investigations of applicants, employees and contractors as necessary.

ARTICLE 10. The Service may conduct administrative support activities needed to perform its functions.

ARTICLE 11. The Service shall provide intelligence support and coordination to Iraqi military forces in furtherance of national security.

CHAPTER THREE -- RELATIONS WITH LAW ENFORCEMENT

ARTICLE 12. The INIS shall have no power to arrest or detain persons. The Service may provide intelligence support and coordination to Iraqi law enforcement authorities not precluded by other law.

ARTICLE. 13. When a member of the Service becomes aware of a possible serious violation of Iraqi criminal law, it will be reported by the Service to the appropriately authorized government authority. The report shall be made in a manner consistent with the protection of classified information. The handling of this information by a law enforcement authority will also be done in a manner, approved by the Director General of the Service, which protects classified information. Upon receipt of this report, the Governorate authority will refer the matter, as appropriate, for prosecution in the court having jurisdiction over the offense. Prior to the passage of legislation governing the protection of classified information in any court, this information will be protected pursuant to procedures adopted by the Higher Juridical Council and approved by the Director General of the INIS.

CHAPTER FOUR -- DIRECTOR GENERAL OF THE INIS

ARTICLE 14. The head of government shall appoint the Director General of the INIS, subject to confirmation by the body vested with national legislative authority. This appointment shall be made on the basis of integrity, compliance with the security standards of the Service, and demonstrated ability in government administration and national security issues. The Director General will serve for a period of five years.

ARTICLE 15. The Director General of the Service shall:
-- Act as the principal adviser to the head of government and the Council of Ministers for intelligence matters related to the national security. This will include serving in an advisory role on all ministerial level executive branch structures relating to national security policy, intelligence policy, and other issues as might be deemed relevant by the Government of Iraq.
-- Have responsibility for the collection, analysis, production and dissemination of intelligence, which should be objective and independent of political, racial, religious, gender, language or origin or tribal considerations, and is otherwise subject to Articles 5, 6 and 7 above.
-- Coordinate all intelligence activities of the Iraqi Government institutions.
-- Ensure that no information is obtained by the Service except so far as necessary for the proper discharge of its responsibilities as set out in Article 4 above, and that no information is disclosed by it except for the purposes set out in Articles 4, 8, 11, and 12 above.
-- Protect intelligence sources and methods and other classified information from disclosure without lawful authority.
-- Make an annual report on the work of the Service to the Council of Ministers and may at any time report to the head of government on any matter relating to its work.
-- Promulgate such rules and regulations, consistent with the Charter, as are necessary to carry out the functions of the INIS. The application of such rules and regulations to specific citizens is subject to judicial review by courts of competent jurisdiction.

ARTICLE 16. The Director General will have:
-- Authority to appoint members to the Service.
-- Authority, notwithstanding the provision of any other law, in his discretion to terminate the employment of any member of the Service whenever he deems it necessary or advisable in the interest of national security. This authority may not be exercised in violation of the Law of Administration for the State of Iraq for the Transitional Period or the permanent Constitution, when adopted.

-- Authority to enter into relationships and intelligence activities with intelligence and security agencies of foreign governments in furtherance of the authorities specified in Article 4 of this charter.

ARTICLE 17. To assist the Director General in carrying out the Director General's responsibilities under this charter, there shall be a Deputy Director General of the INIS, who shall be appointed in the same manner and who shall act for, and exercise the powers of, the Director General during his absence or disability.

CHAPTER FIVE -- PROTECTION FOR INIS INFORMATION

ARTICLE 18. In the interests of the national security of Iraq and in furtherance of the Director General's responsibility to protect classified information from disclosure without lawful authority, the INIS will be exempt from any Iraqi laws requiring public disclosure of the organization, functions, names, titles, salaries or numbers of personnel employed by the Service. Service members (for purposes of this charter, service members include employees and contractors) must protect official secrets, and will sign a secrecy agreement as a condition of employment. This secrecy agreement will include the requirement for pre-approval by the Service of any writing or electronic dissemination outside officially sanctioned channels that may contain classified information. This obligation does not cease when the member is no longer employed by or under contract with the Service.

ARTICLE 19. A person who is or has been a member of the INIS, or who otherwise has been given access to classified information, and who communicates any such information to a person to whom he knows that the information ought not to be communicated, shall be punished in accordance with the Iraqi penal code. In addition, a member of INIS who commits such an offense will be subject to appropriate disciplinary action by the Service, including dismissal from INIS.

CHAPTER SIX -- INSPECTOR GENERAL

ARTICLE 20. The head of government shall appoint an Inspector General for the INIS whose responsibility it is to conduct inspections of Service activities. The appointment of the Inspector General shall be made without regard to political affiliation (consistent with applicable de-Ba'athification policy) and on the basis of integrity, capability for strong leadership, compliance with the security standards of the Service, expertise in national security issues, and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, investigation, criminal justice administration, or other closely related fields. In addition, the Inspector General should possess

demonstrated knowledge, skills, abilities and experience in conducting audits and investigations.

ARTICLE 21. It is the responsibility of the Inspector General to:
--Establish an effective program of audit, investigation and performance review to provide increased accountability, integrity and oversight of the INIS and to prevent, deter and identify waste, fraud, abuse of authority and illegal acts.
--Conduct investigations, audits, evaluations, inspections and other reviews in accordance with generally accepted professional standards.
--Report findings and recommend corrective actions directly to the Director General, except in cases involving allegations of misconduct by the Director General, in which case he shall report his findings and recommendations directly to the head of government.
--Monitor the progress of any corrective actions ordered by the Director General.
--Protect classified information in any report or recommendation that he makes.
--Subject to the policies of the Director General, select other employees of the Service to assist him in carrying out his functions.

ARTICLE 22. The Inspector General will have access to Service members and records which relate to the activities being inspected. The Director General may prohibit the Inspector General from initiating, carrying out or completing any inspection or financial audit, except in cases involving allegations of misconduct by the Director General, if the Director General believes it is necessary to protect significant national security interests. The Director General must report this action to the head of government within one week.

CHAPTER SEVEN -- LEGISLATIVE OVERSIGHT

ARTICLE 23. During the transitional period (which shall be defined to mean the period described in Article 2(A) of the Law of Administration for the State of Iraq for the Transitional Period), legislative oversight of the INIS will be carried out by a committee of the body vested with national legislative authority. Following the adoption of a permanent constitution, this oversight will be carried out by one committee of the body vested with national legislative authority.

ARTICLE 24. The Committee will consist of a suitable number of members appointed by the body vested with national legislative authority from among its members. Its function is to examine the expenditures, administration and policy of the Service. The Committee may request information regarding specific activities of the INIS. To the maximum extent practicable, and consistent with national security interests, the Director General of the INIS, with the approval of the head of government, shall provide information to the Committee on such activities.

ARTICLE 25. The Committee shall make an annual report on the discharge of its functions to the head of government and may at any time report to him on any matter relating to the discharge of those functions. The head of government will present to the body vested with national legislative authority a copy of each annual report made by the Committee. If it appears to the head of government, after consultation with the Committee, that the publication of any matter in a report would be prejudicial to the continued discharge of the functions of the Service, the head of government may exclude that matter from the copy of the report presented to the body vested with national legislative authority. The report will contain a statement as to whether any matter has been excluded from the report.

ARTICLE 26. The Committee will establish written procedures to protect all classified information that is furnished to the Committee from disclosure without lawful authority. These procedures shall be approved by the Director General of the INIS. No staff officer of the Committee may be given access to any classified information unless the officer has (1) agreed in writing and under oath to be bound by the security rules of the Committee both during and after his employment with the Committee, and (2) received a security clearance as determined by the Committee and approved by the Director General of the Service.

CHAPTER EIGHT -- COLLECTION OF INFORMATION

ARTICLE 27. The Service is authorized to collect, retain and disseminate to other government entities and for other lawful governmental purposes information concerning citizens of Iraq only in accordance with written regulations established by the Director General and approved by the Minister of Justice. These procedures shall permit collection, retention and dissemination of the following types of information:

--Information that is publicly available or collected with the consent of the person concerned.

--Information for the purposes of a lawful counter-terrorist, counterinsurgency, counter-proliferation, counter-narcotics, counterintelligence or other activity to protect against threats to Iraqi democracy.

--Information needed to protect intelligence sources and methods from disclosure without lawful authority.

--Information concerning persons who are reasonably believed to be potential sources or contacts of the Service for the purpose of determining their suitability or credibility.

--Information arising out of a lawful personnel, physical or communications security investigation.

--Information obtained that may indicate involvement in activities that may violate Iraqi or foreign laws.

--Information necessary for administrative purposes.

ARTICLE 28. Entry on or interference with property or interception of communications by the Service will be done only in accordance with minimization standards that are designed to minimize the unintentional acquisition, retention and dissemination of information about citizens of Iraq that is not of value in its work on national security, including serious organized crime issues. The INIS will use these techniques upon approval of the Director General or Acting Director General. In addition, for Service activities, the advance authorization of a judge, who is approved by the Higher Juridical Council, will be obtained in the form of a warrant to conduct the technique. This warrant will be valid for a period of no longer than ninety days, at which time it may be renewed by the judge, if sufficient cause continues to exist. If the action authorized is no longer necessary before the end of the period authorized by the warrant, the Service will end the use of the technique immediately. A warrant will be issued only where the judge finds that the warrant is likely to provide information relating to national security, including serious organized crime, and where the information cannot reasonably be obtained by other means.

CHAPTER NINE -- ORGANIZATION AND ADMINISTRATION

ARTICLE 29. The Service will have the necessary number of offices within the Governorates, in addition to its central office in Baghdad. The number and structure of offices will be determined upon proposal by the Director General, and approved by the head of government. All offices will follow the directives of the Director General.

ARTICLE 30. The Director General will issue regulations for the administration of the Service. These will include security, training, disciplinary proceedings and other personnel matters, logistics, and other issues of importance within the Service.

ARTICLE 31. The Service shall enjoy a juridical personality legally represented by the Director General of the INIS, or the acting Director General, or other Service member authorized by the Director General.

ARTICLE 32. The Service may contract with other persons and institutions to perform tasks related to the authorized functions of the Service, in accordance with appropriate security standards established by the Director General.

CHAPTER TEN -- COORDINATION WITH GOVERNMENT ENTITIES

ARTICLE 33. Other ministries and government entities shall cooperate with and assist the Service in performing its duties regarding national security, including serious organized crime, unless otherwise prohibited by law.

ARTICLE 34. The Service will disseminate, as appropriate, to other ministries and government entities the results of its analysis. This will be done on a timely basis and consistent with the protection of classified information. The service may also provide expert assistance unless otherwise precluded by law.

CHAPTER ELEVEN -- DUTIES AND RIGHTS OF SERVICE MEMBERS

ARTICLE 35. Laws and other regulations regarding employment, medical care, pension, disability insurance and other issues involving civil servants shall apply to the INIS unless otherwise regulated by this charter.

ARTICLE 36. In addition to general conditions for employment that apply to civil servants, the Director General of the Service may establish conditions for service members regarding expertise, health, work assignments, and security requirements that are consistent with the interests of the national security of Iraq. The terms and conditions will be issued after consultation with the head of government.

ARTICLE 37. The Director General, or those to whom he has delegated this responsibility, may issue a disciplinary order against a member who is found to have violated service terms and conditions or orders. Disciplinary proceedings will be conducted in accordance with written terms and conditions issued by the Director General.

ARTICLE 38. The Director General will issue a code of conduct for Service members.

ARTICLE 39. A Service member cannot be a member of the body vested with national legislative authority or hold other political office, run for political office, or publicly campaign on behalf of political candidates.

ARTICLE 40. A Service member who is disabled due to illness or injury received in the line of duty and not due to misconduct will continue to receive his salary during the period of disability or until otherwise eligible for retirement, whichever occurs first.

ARTICLE 41. If a Service member is acting within the scope of his duties and does not misuse his governmental position, the Service member will not be subject to legal liability for the performance of his governmental actions. If brought before a court for actions performed in the line of duty, the Service member will be provided legal counsel by the Service, unless the member was acting outside the scope of his duties or otherwise misused his governmental position. This article applies during the member's employment by the Service and continues even after that employment has ended.

ARTICLE 42. Pursuant to written regulations issued by the Director General, in consultation with the Minister of Interior, and after appropriate training, the Director General may authorize service members to carry a weapon in the performance of their duties, and use reasonable force to protect the service member or others against death or serious physical injury.

CHAPTER TWELVE -- CHARTER APPROVAL

ARTICLE 43. This charter for the Iraqi National Intelligence Service will take effect upon adoption by the Iraqi Governing Council in accordance with the authority delegated to it by the Administrator of the Coalition Provisional Authority.

ARTICLE 44. This Charter can be amended by the majority vote of the body vested with national legislative authority.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 70

AMENDMENTS TO RECONSTRUCTION LEVY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing that the effective administration of Iraq requires funding for improvements to its infrastructure and capital public investment,

Noting that the reconstruction levy was imposed under CPA Order Number 38,

Noting that the effective date for imposition of the reconstruction levy was delayed until March 1, 2004, pursuant to CPA Order Number 47,

Noting further that the effective date for imposition of the reconstruction levy was again delayed until April 1, 2004, pursuant to CPA Order Number 54, Section 7,

Determined that the collection of said levy be undertaken efficiently and effectively without disrupting trade relations or impeding reconstruction efforts or import flow,

I hereby promulgate the following:

Section 1
Amendments

1) Coalition Provisional Authority Order Number 38 (CPA/ORD/19 September 2003/38), Reconstruction Levy, Section 1, Article 4, is amended to read in its entirety as follows:

 "4) Unless exempted under this Order, the Reconstruction Levy shall be imposed on all goods imported into Iraq from all countries beginning April 15, 2004."

2) Coalition Provisional Authority Order Number 54 (CPA/ORD/24 February 2004/54), Trade Liberalization Policy 2004, is hereby amended by deleting Section 7 in its entirety and redesignating existing Section 8 as Section 7.

Section 2
Rescission

CPA Order Number 47 (CPA/ORD/31 December 2003/47), Amendment to Coalition Provisional Authority Order Number 38, is hereby rescinded.

CPA/ORD/3 April 2004/70

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY
ORDER NUMBER 71

LOCAL GOVERNMENTAL POWERS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003);

Recalling that the CPA has recognized the Governing Council as the principal body of the Iraqi interim administration, pending the establishment of an internationally recognized, representative government by the people of Iraq, consistent with Resolutions 1483 and 1511, and that the Governing Council, in performing its functions on behalf of the people of Iraq, has appointed Interim Ministers to exercise responsibility for the daily administration of the Iraqi Ministries;

Recalling the adoption of the Transitional Administrative Law (TAL) on 8 March 2004 to govern the affairs of Iraq during the transitional period from 30 June 2004 until a duly elected government, operating under a permanent and legitimate constitution achieving full democracy shall come into being;

Noting that the system of government in Iraq shall be republican, federal, democratic, and pluralistic, and powers shall be shared between the federal government and the regional governments, governorates (also known as provinces), municipalities, and local administrations and that each Governorate shall have the right to form a Governorate Council, name a Governor and form municipal and local councils and that regions and governorates shall be organized on the basis of the principle of de-centralization and the devolution of authorities to municipal and local governments;

Recognizing the Kurdistan Regional Government as the official government of the territories that were administered by that government on 19 March 2003 in the governorates of Dohuk, Arbil, Sulaimaniya, Kirkuk, Diyala and Ninevah, and its right to continue its current functions throughout the transitional period, except with regard to those issues which fall within the exclusive competence of the federal government;

Emphasizing that, consistent with Resolution 1483, the Governing Council and the CPA, each in coordination with the United Nations, are dedicated to working together in a cooperative and consultative process for the benefit of the Iraqi people;

I hereby promulgate the following:

Section 1
Purpose

This Order describes the authorities and responsibilities of the governorate, municipal and local levels of government. It implements the principle of decentralization of governing power embodied in the TAL. By appropriately empowering government bodies at the governorate, municipal and local levels, the Order is designed to improve the delivery of public services to the Iraqi people and make the Iraqi government more responsive to their needs. This Order encourages the exercise of local authority by local officials in every region and governorate; recognizes the Kurdistan Regional Government; and shall have no effect on the administration of the territories under that government's jurisdiction on 19 March 2003 in the governorates of Dohuk, Arbil, Sulaimaniya, Kirkuk, Diyala and Ninevah.

Section 2
Governorate Councils

1) Each Governorate may form a Governorate Council, which shall be funded from national budget allocations that are separate from the budgets of the ministries and other national institutions.

2) The Governorate Councils may set priorities for the provinces; amend, by two-thirds vote, a specific local project described in an annual ministry budget plan, provided that no such amendment shall increase the spending limits set forth in the ministry plans, or interfere with the efficient and uniform execution of national objectives as implemented by specific programs; monitor and recommend improvements in the delivery of public services; represent the concerns of constituents; independently generate and collect revenues by imposing taxes and fees; organize the operations of the provincial administration; initiate and implement provincial projects alone or in partnership with international and non-governmental organizations; and conduct other activities, consistent with applicable laws.

3) Governorate Councils shall perform their responsibilities independently from the control or supervision of any ministry. Governorate Councils may, by majority vote, and within two weeks following the appointment, approve or veto the appointment by the ministries of Directors General and local ministerial officials for positions designated as "senior positions" by the Administrator (which designations shall be set forth in an appendix to this Order); establish subcommittees and convene meetings of, or request reports and testimony from, the Directors General; and remove Directors General and officials occupying designated "senior positions" for cause as defined in this Order, by a two thirds vote for removal, provided that Directors General whose official responsibilities directly affect more than one province may be removed only if each of the Governorate Councils responsible for the provinces so affected votes for removal as specified herein. As used in this Order, the term "Director General" shall not apply to the Presidents of Universities in Iraq.

4) The members of each Governorate Council shall be selected in accordance with criteria agreed upon by the Governing Council and CPA. All individuals who hold office as Governorate Council members on the effective date of this Order shall continue to hold such office. Should vacancies occur Governorate Councils may add new members who meet the eligibility requirements set forth in Article 31 of the TAL, through a fair, open and

competitive selection process agreed to by two thirds majority of the Governorate Council. Elections for Governorate Councils will take place at the same time as elections for the National Assembly, no later than 31 January 2005.

5) The Governorate Councils are hereby authorized to select and appoint Governors and Deputy Governors. Governors and Deputy Governors selected by Governorate Councils prior to the date of this Order are hereby appointed. The Governorate Councils may remove Governors and Deputy Governors for cause as specified in this Order, upon a two-thirds vote. Should vacancies in the positions of Governor or Deputy Governor occur, Governorate Councils may elect a new Governor or Deputy Governor through majority vote of the Council.

Section 3
Governors and Deputy Governors

1) The Governor is the head civil official of a Governorate and is accountable to the Governorate Council. The Governor shall direct, coordinate and oversee actions in implementation of the Governorate Council's decisions. The Governor shall be selected, dismissed and replaced in accordance with subsection 2(5) of this Order.

2) The Deputy Governors report to the Governor and the most senior Deputy Governor (based on length of public service) shall assume the role of the Governor in the latter's absence.

3) Governors and Deputy Governors may attend the regular meetings of the Governorate Councils as non-voting members.

4) Governors shall appoint governorate officials, provided that their appointments of Directors General serving directly on the governorate staff and other senior positions, as defined by the Administrator, shall be subject to the approval by majority vote of the Governorate Councils within two weeks following the appointment, except for Directors General, who shall be appointed and removed as specified in Section 2(3) of this Order. Governors shall exercise final authority to remove those officials who they are authorized to appoint, subject to the concurrence, by majority vote, of the Governorate Council.

5) To encourage consistent development and application of policies regarding regional matters, Governors shall regularly coordinate with each other on matters of common interest.

Section 4
Local Councils

1) Each Governorate may, by majority vote, form sub-provincial regional councils, municipal councils and other relevant local councils organized geographically, such as *Qada'* and *Nahiya*, City Councils, Beladiya Councils and Hayy Councils, as necessary to achieve greater efficiency and economies of scale in coordinating the provision of public services, and to facilitate unified and coordinated administration of cities. Local councils are responsible for representing their constituents; ensuring that public services respond to local needs; organizing the operations of the local administration; reviewing local ministry plans; collecting and retaining local revenues, taxes and fees; identifying local budgetary requirements through the national budgeting process; and recommending appropriate action

to Governorate Councils with respect to government officials, on the basis of misconduct, inefficiency or Ba`athist Party affiliation. They shall assist in initiating and implementing local projects alone or in conjunction with international and non-governmental organizations; and conducting other activities as are granted to them by Governorate Councils, consistent with applicable law.

2) The members of each local council, including the Chair, shall be selected in accordance with regulations approved by majority vote of the Governorate Council. All local councils in existence on the date of this Order, and all individuals who hold office as members of such councils of the date of this Order, shall continue to exist and hold office unless removed in accordance with this Order.

3) Local councils shall, by majority vote, elect Mayors and Deputy Mayors. Mayors and Deputy Mayors selected by local councils prior to the date of this Order shall continue to hold office, unless removed in accordance with this Order. Local councils may remove Mayors and Deputy Mayors upon a two-thirds vote. Should vacancies occur in the positions of Mayor or Deputy Mayor, local councils may elect a new Mayor or Deputy Mayor through majority vote of the council.

Section 5
Mayors and Deputy Mayors

1) Mayors (in Arabic "Mudeer al-Nahia," "Qa'im Maqam," and "Ameen") are the senior administrators of local councils and are accountable to the local council. Mayors shall direct, coordinate and oversee actions in implementation of decisions of the local councils, and shall serve as the primary liaison between the local councils and the Governors.

2) Mayors shall be elected and removed pursuant to section 4(3) of this Order.

3) The Deputy Mayors report to the Mayor and the most senior Deputy Mayor (based on length of public service) shall assume the role of the Mayor in the absence of the latter official.

4) Mayors and Deputy Mayors may attend the regular meetings of the local councils as non-voting members.

5) Mayors shall appoint local government officials, provided that their appointments of Directors General serving directly on the local government staff and other senior positions, as defined by the Administrator, shall be subject to the approval, by majority vote, of the local council, within two weeks following the appointment. Mayors may, for cause as defined under this Order, remove those officials whom they are authorized to appoint, subject to the concurrence, by majority vote, of the local council.

6) Mayors shall meet regularly with all Directors General within their geographic areas of responsibility to monitor, and where authorized by applicable laws and regulations to direct, the delivery of public services.

7) Mayors shall meet regularly with other Mayors to ensure that services are being provided equitably and efficiently.

Section 6
Chiefs of Police

1) Within each Governorate, there shall be a Chief of Police, responsible for overseeing all civil law enforcement activities within the Governorate.

2) Chief of Police vacancies will be advertised nationally by the Ministry of Interior and the Governorate Council shall be notified of such vacancies. Applications for Chief of Police positions shall be sent to the Ministry of Interior, which shall identify fully qualified applicants and provide the names of those applicants to the Governorate Council in a timely manner. The Governorate Council shall, upon a majority vote within two weeks following its receipt of the names of fully qualified applicants from the Ministry of Interior, select the most suitable candidate from these nominees. Chiefs of Police shall be appointed to a 3-year term, which may be renewed.

3) Chiefs of Police may be removed by the Minister of Interior, or by the Governorate Council upon two-thirds majority vote, for cause as defined in this Order.

4) Under the supervision of the Minister of Interior, the Chief of Police shall prepare an annual policing plan that will take into account local and national priorities. The Governorate Council and Governor will ensure that the Chief of Police is responsive to local policing requirements. Annual policing plans shall become effective upon approval, by two-thirds majority, of the Governorate Council, which shall monitor the implementation of this plan by the Chief of Police. Chiefs of Police shall consult regularly with the relevant Governor and Governorate Council and shall meet weekly with the Governorate Council, or otherwise as agreed.

5) Local police chief vacancies will be advertised by the Ministry of Interior at least within the relevant Province, and the Governorate Council shall be notified of such vacancies. Applications for local police chief positions shall be sent to the Ministry of Interior, which shall identify fully qualified applicants and provide the names of those applicants to the Governorate Council in a timely manner. The Governorate Council shall, upon a majority vote, select the most suitable candidate from these nominees. Local police chiefs shall be appointed to a 3-year term, which may be renewed.

6) Local police chiefs may be removed by a two-thirds majority vote of the relevant Governorate Council for cause, as defined in this Order.

Section 7
Grounds for Removal

1) Members of Governorate Councils, Governors and Deputy Governors, members of Local Councils, Mayors and Deputy Mayors, Chiefs of Police and local police chiefs may be removed only for cause, in accordance with the procedures specified in this Order.

2) For purposes of this Order, "cause" shall mean incapacity, serious misconduct in or out of office, dereliction of duty, or abuse of office.

3) Officials listed in section 7(1) of this order who are removed for cause as defined herein, and the subordinates of such officials who are removed in accordance with existing Iraqi law on similar grounds, shall be barred from holding any position in the Iraqi government for a period of five years following the removal.

4) Individuals who are removed from public office and barred from public service under section 7(2), above, shall have the right to bring suit in Iraqi courts and obtain redress in the form of reinstatement to public office, upon the court's determination that the removal was wrongful.

Section 8
Effect on Other Laws

1) Any provision of Iraqi law, including but not limited to Law No. 159 of 1969, that is inconsistent with this Order is hereby suspended to the extent of such inconsistency, provided, however, that nothing in this Order shall be construed to eliminate or reduce the authority of provincial or local government entities under existing Iraqi laws and regulations to generate, assess, collect, retain, administer or expend taxes, fees, assessments or similar revenues. Provincial and local government entities may generate, assess, collect, retain, administer and expend taxes, fees, assessments or similar revenues under existing Iraqi law, including the Income of Municipalities Law, No. 130 of 1963, as amended. Notwithstanding existing Iraqi law, Governorates are hereby authorized to impose althma'am of no greater than 5 percent of the relevant taxes.

2) Except as otherwise specified in this Order, local government officials shall be hired and dismissed in accordance with applicable Iraqi law.

Section 9
Entry into Force

This Order shall enter into force on the date of signature.

4/6/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 72

IRAQI RADIOACTIVE SOURCE REGULATORY AUTHORITY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant United Nations Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Furthering paragraph 1 of Resolution 1483, appealing to member states and concerned organizations to assist the people of Iraq in their efforts to reform their institutions and rebuild their country, and to contribute to conditions of stability and security in Iraq,

Noting that United Nations Security Council Resolution 687 (1991) decides that Iraq shall unconditionally agree not to acquire or develop nuclear weapons or nuclear-weapons-usable material or any subsystems or components or any research, development, support or manufacturing facility related to the above,

Noting that United Nations Security Council Resolution 707 (1991) permits Iraq to use (radioactive) isotopes for medical, agricultural or industrial purposes,

Noting further the adoption of the Law of Administration for the State of Iraq for the Transitional Period on March 8, 2004,

Recalling that on September 8, 2003, the Board of Governors of the International Atomic Energy Agency approved a revised Code of Conduct on the Safety and Security of Radioactive Sources, IAEA/CODEOC/2004.

Recognizing that uses of ionizing radiation introduce important benefits in medicine, industry, agriculture, and related research, but that radiation exposure carries with it the potential to produce harmful effects in people and the environment, and

Determining to establish a national organization to regulate the use of radioactive sources and other radioactive materials in order to protect the health, security, and safety of human beings while permitting the beneficial uses of ionizing radiation,

I hereby promulgate the following:

Section 1
Establishment

1) The Iraqi Radioactive Source Regulatory Authority (hereinafter “the IRSRA”) is hereby established. The IRSRA shall be an independent agency.

2) The IRSRA shall have authority to regulate radioactive sources and all activities associated with exposure or the potential exposure to ionizing radiation from radioactive sources and radioactive waste, except those radioactive source activities and radioactive sources which are expressly excluded herein.

3) The IRSRA shall not have responsibility for radiological environmental monitoring or for regulating cleanup and remediation of the environment.

4) In carrying out its responsibilities, the IRSRA shall follow, to the extent practicable, the guidance in the International Atomic Energy Agency's Code of Conduct on the Safety and Security of Radioactive Sources and any revisions thereto.

5) All references herein to the Administrator of the CPA shall refer to the head of the Iraqi government following transfer of full governance authority to the Iraqi Interim Government.

Section 2
Purpose

The IRSRA shall promulgate and enforce regulations to allow for beneficial uses of radioactive sources, to provide for adequate protection of human beings against the harmful effects of ionizing radiation, and to ensure the safety and security of radioactive sources. The IRSRA shall also investigate technical issues associated with low level radioactive waste disposal.

Section 3
Definition of Radioactive Source

A radioactive source is radioactive material that is either permanently sealed in a capsule or closely bonded and in a solid form. For purposes of this Order, the term radioactive source will also be considered to include commercial radioisotopes in liquid form. The term will also include any radioactive material released if a sealed radioactive source is leaking or is broken or if a spill occurs in the case of liquid radioisotopes. For purposes of this Order, radioactive sources do not include nuclear material encapsulated for disposal, or nuclear material within the nuclear fuel cycles of research and power reactors.

Section 4
Chairman and Management Staff

1) The Chairman of the IRSRA shall initially be appointed by the Administrator of the CPA, after consultation with the Iraqi Interim Government, for a fixed term of

two years. Thereafter, Chairmen of the IRSRA shall be appointed by the head of government for fixed terms of five years. The Chairman of the IRSRA shall be responsible for the overall management and operation of the IRSRA and shall report directly to the Administrator of the CPA.

2) The IRSRA shall be organized into such Divisions as necessary and appropriate to carry out its functions. Each Division shall be headed by a Division Manager reporting directly to the Chairman. Prior to transfer of full governance authority to the Iraqi Interim Government, Division Managers will be appointed by the Administrator of the CPA. Following transfer of full governance authority to the Iraqi Interim Government, Division Managers will be appointed by and serve at the pleasure of the Chairman.

Section 5
Budget and Funding

1) The IRSRA shall coordinate with the Ministry of Finance regarding its budget.

2) Following transfer of full governance authority to the Iraqi Interim Government, resources for staffing and staff training, acquisition and maintenance of facilities and equipment, and inspection costs for IRSRA shall be provided through the national fiscal process and reviewed annually.

Section 6
Salary and Employment Conditions

1) The IRSRA shall have the power to hire, employ and discharge personnel in accordance with Iraqi law, as amended by CPA Orders, Regulations, and Memoranda. Such hiring and employment shall be consistent with CPA Order Number 1 and any authorized implementation thereof.

2) Salaries of IRSRA personnel shall conform to the salary structure applicable to Iraqi national government employees.

Section 7
Authority and Functions

1) The IRSRA is empowered to:

 a) prepare laws and orders for approval by the Administrator of the CPA governing radioactive sources and activities associated therewith, and radioactive waste disposal. This shall include establishing radiation protection and radiation safety requirements in all areas except those involving long-term

radiological environmental monitoring and cleanup or remediation of the environment;

b) issue regulations that govern the life cycle management of radioactive sources, as required to provide for public health, safety or security;

c) define radioactive sources that are excluded from regulatory requirements on the basis of their being not amenable to regulatory control;

d) establish and promulgate an application procedure and issue licenses (authorizations) for the possession and use of radioactive sources; grant exemptions and maintain appropriate records relating to applications, licenses and exemptions;

e) define in the regulations and authorizations the specific obligations to be placed on those who possess radioactive sources including, but not limited to the following:

i. financial conditions;

ii. inventory controls;

iii. appropriate radioactive source container markings;

iv. appropriate radiological work practices and work area controls;

v. use of traceable radioactive source identification markings;

f) conduct announced and unannounced inspections to assess radiation safety conditions and to assess compliance with applicable regulations and other requirements specified in authorizations to use radioactive sources**,**

g) take such action as necessary to enforce compliance with regulatory requirements and authorizations, and to protect the health and safety of workers and the public and to impose sanctions for non-compliance with IRSRA requirements subject to the maximum specified by the Administrator of the CPA or, following transfer of full governance authority, the government of Iraq;

h) levy fees for authorizations and inspections; all proceeds from fees shall be deposited in the general operating account of the IRSRA;

i) levy fines for non-compliance with applicable regulations and authorizations; all proceeds from fines shall be deposited in the general operating account of the Ministry of Finance;

j) respond to reports of orphan sources and assist in radiological emergencies;

k) advise other governmental authorities and organizations on matters within the competence of the IRSRA;

l) promote and carry out research on radiation safety issues of regulatory concern;

m) maintain contact for information exchange and cooperation with regulatory bodies of other countries and relevant international organizations, most importantly the IAEA; and

n) establish appropriate mechanisms to insure substantive public participation in the regulatory process, and to inform the public about the radiation safety aspects of regulated practices.

2) Duly authorized officials of the IRSRA and Ministry of the Environment are permitted access to premises and facilities in which radioactive sources are located in order to obtain information about the status of radiation safety and to verify compliance with regulatory requirements.

3) The IRSRA is authorized to engage consultants to serve as individual expert advisers or as members of its advisory committees as may be useful and appropriate for the IRSRA to discharge its responsibilities.

4) The IRSRA is authorized to communicate directly with CPA authorities, or following transfer of full governance authority, Iraqi government officials, in all cases in which this is considered necessary to exercise effectively the functions of the IRSRA.

Section 8
Prohibitions

Following transfer of full governance authority to the Iraqi Interim Government, no radioactive source activity shall be adopted or introduced, continued or discontinued or ceased, and no radioactive source shall, as applicable, be designed, manufactured, constructed or assembled, acquired, imported or exported, distributed, sold, loaned or hired, possessed, located, commissioned, used and operated, maintained or repaired, transferred or decommissioned, disassembled or transported, stored or disposed of, except in accordance with the requirements established by the IRSRA, unless the

exposure from such activity is excluded from such requirements, or the activity or the source is exempted by the IRSRA from the requirements of the Regulations, including the requirements of notification and authorization.

Section 9
Relation to Other Laws and Organizations

1) In the event that other laws governing occupational, public, medical, or environmental protection and safety under the control of other regulatory bodies also address the use of ionizing radiation, the IRSRA and other such regulatory bodies are encouraged to enter into agreements for cooperation and coordination to avoid gaps or overlap in regulatory control while discharging respective responsibilities. If appropriate agreements cannot be developed to the mutual satisfaction of the agencies involved, the issues will be directed to the Administrator of the CPA for resolution.

2) A permanent mechanism for information exchange and cooperation shall be established between the IRSRA and Ministry of the Interior, Department of Border Enforcement, to ensure adequate control over radioactive sources entering and leaving the country and proper identification and authorization of the persons importing or receiving and exporting or sending the radioactive sources.

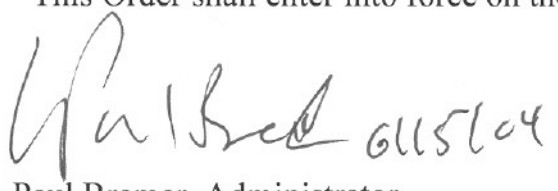
3) A permanent mechanism for information exchange, reporting and cooperation shall be established between the IRSRA and appropriate authorities within the Ministry of the Environment to ensure clear delineation of authority and responsibility in accordance with this order and to ensure free flows of information and effective regulation and application of standards for sources of radiation. Such a mechanism shall be established through written agreement signed between the Chairman of IRSRA and the Minister of the Environment.

Section 10
Regulatory Authority

The IRSRA shall adopt such Regulations, not inconsistent with Iraqi law or any CPA Order, Regulation, or Memorandum, as are necessary to carry out the purposes of the IRSRA.

Section 11
Entry into Force

This Order shall enter into force on the date of the signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 73

TRANSFER OF THE IRAQI CIVIL DEFENSE CORPS TO THE MINISTRY OF DEFENCE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant United Nations Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Noting that CPA Order Number 22, Creation of a New Iraqi Army, August 7, 2003, established a military force for the national self-defense of a future free Iraq,

Noting that CPA Order Number 23, Creation of a Code of Military Discipline for the New Iraqi Army, August 7, 2003, established a system of discipline to maintain order in the New Iraqi Army,

Noting that CPA Order Number 28, Establishment of the Iraqi Civil Defense Corps, September 3, 2003, established a temporary security and emergency service agency for Iraq to complement operations conducted by Coalition military forces in Iraq,

Noting the adoption on March 8, 2004of the Law of Administration for the State of Iraq for the Transitional Period,

Further noting that CPA Order Number 67, Ministry of Defence, promulgated on March 21, 2004, redesignated the New Iraqi Army as the Iraqi Armed Forces, established a new national ministry to provide civilian control of the Iraqi Armed Forces and supporting organizations, and provided for the eventual transfer of the Iraqi Civil Defense Corps to the Ministry of Defence as a component of the Iraqi Armed Forces,

Recognizing, in light of current circumstances within Iraq, the need to transfer the Iraqi Civil Defense Corps to the Ministry of Defence as a component of the Iraqi Armed Forces and to provide additional clarification with respect to the status and authority of the Iraqi Civil Defense Corps and its members,

I hereby promulgate the following:

Section 1
Transfer

1) The Iraqi Civil Defense Corps, to include all associated personnel, facilities, and equipment, established pursuant to CPA Order Number 28 is hereby transferred to the Ministry of Defence as a component of the Iraqi Armed Forces.

2) As a component of the Iraqi Armed Forces, the Iraqi Civil Defense Corps shall be subject to the terms of CPA Order Number 22, as amended; provided that in the event of a conflict between the terms of CPA Order Number 22, as amended, and CPA Order Number 28, as amended, the terms of CPA Order Number 28, as amended, shall govern.

3) The transfer of administrative functions for the Iraqi Civil Defense Corps shall be accomplished in a manner and on a timeline agreed to by the interim Minister of Defence and the senior military commander of Coalition Forces in Iraq consistent with the Ministry of Defence's capability to administer such responsibilities.

Section 2
Amendment to CPA Order Number 22

Coalition Provisional Authority Order Number 22, Section 3, is hereby amended by adding a new Section 3, Article 5, as follows:

"5) The Iraqi Civil Defense Corps shall operate as a component of the Iraqi Armed Forces in accordance with the terms of this Order, CPA Order Number 28, as amended, CPA Order Number 67, and CPA Order Number 73; provided that in the event of a conflict between the terms of this Order and CPA Order Number 28, as amended, the terms of CPA Order Number 28, as amended, shall govern."

Section 3
Amendments to CPA Order Number 28

1) Coalition Provisional Authority Order Number 28, Section 1, Article 4, is hereby amended to read in its entirety as follows:

"4) The Iraqi Civil Defense Corps is a component of the Iraqi Armed Forces. The Iraqi Civil Defense Corps shall operate in accordance with the terms of this Order, as amended, CPA Order Number 22, as amended, CPA Order Number 67, and CPA Order Number 73; provided that in the event of a conflict between the terms of this Order, as amended, and CPA Order Number 22, as amended, the terms of this Order, as amended, shall govern."

2) Coalition Provisional Authority Order Number 28, Section 2, Article 4, is hereby deleted in its entirety and the existing Section 2, Article 5, is hereby redesignated as Section 2, Article 4.

3) Coalition Provisional Authority Order Number 28, Section 2, Article 6, is hereby deleted in its entirety.

4) Coalition Provisional Authority Order Number 28, Section 3, is hereby amended by adding a new Section 3, Article 5, as follows:

"5) Notwithstanding Section 3, Article 4 above, members of the Iraqi Civil Defense Corps under the operational control of a Coalition Forces officer may use force consistent with rules of engagement or rules for the use of force applicable to Coalition Forces to execute their assigned missions and taskings."

5) Coalition Provisional Authority Order Number 28, Section 4, Article 1, is hereby amended to read in its entirety as follows:

"1) The Iraqi Civil Defense Corps shall operate under the authority of the Administrator of the CPA. Subject to the authority of the Administrator of the CPA, the interim Minister of Defence shall be responsible for management and employment of the Iraqi Civil Defense Corps and shall exercise direction and control (including commissioning and appointments) over the Iraqi Civil Defense Corps and its organizational structure. During the period in which the Iraqi Civil Defense Corps is under the operational control of a commander of Coalition Forces for the purpose of conducting combined operations and providing other support, as provided for in CPA Order Number 67, the Administrator of the CPA may delegate to the senior military commander of Coalition Forces in Iraq responsibility and authority for the recruiting, training, organization, and control of the Iraqi Civil Defense Corps. This responsibility and authority may be re-delegated pursuant to Section 7 below."

6) Coalition Provisional Authority Order Number 28, Section 4, is hereby amended by adding a new Section 4, Article 2, as follows:

"2) While the Iraqi Civil Defense Corps is under the operational control of Coalition Forces, the senior military commander of Coalition Forces in Iraq may set the standards for manning, training, and equipping Iraqi Civil Defense Corps forces, as well as establishing their mission essential task list (METL) and operational employment."

7) Coalition Provisional Authority Order Number 28 existing Section 4, Articles 2 and 3 are hereby redesignated as Section 4, Articles 3 and 4, respectively.

8) Coalition Provisional Authority Order Number 28, Section 5, is hereby amended by adding a new Section 5, Article 3, as follows:

"3) Notwithstanding any other provision in this or any other CPA Order, Regulation, or Memorandum or any provision in Iraqi law, Iraqi Civil Defense Corps members acting within the scope of their mission or tasking and consistent with applicable Coalition rules of engagement or rules for the use of force are immune from Iraqi

criminal, civil, and administrative jurisdiction and from any form of arrest or detention. The Administrator of the CPA shall have the exclusive authority to determine when a particular act was performed in an official capacity and consistent with the rules of engagement or rules for the use of force applicable to Coalition Forces, and such determination is binding on all governmental, judicial and administrative entities within Iraq."

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

4/28/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 74
INTERIM LAW ON SECURITIES MARKETS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system as necessary to improve the condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that some of the regulations concerning securities markets under the prior regime are not well-suited to a modern, efficient, transparent and independently regulated securities market,

Noting that Iraqi entrepreneurs and businesses will benefit from the revival of Iraq's capital markets,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social and economic functions and normal transactions of every day life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having worked closely with the Governing Council, international organizations, relevant Ministries and Iraqi business people in developing policies that will organize and facilitate fair, efficient, and orderly securities transactions in Iraq,

I hereby promulgate the following:

Section 1
Definitions

For the purposes of this law, the following terms shall be defined as follows:

1) "Commission" means the interim Iraq Securities and Exchange Commission.

2) "Commissioners" mean the members of the Iraq Securities and Exchange Commission.

3) "Exchange" means the Iraq Stock Exchange ("ISX") or such other exchange as the Commission, pursuant to its rules, may license under this Law.

4) "General Assembly" means the body consisting of all Exchange members and companies listed on the Exchange.

5) "Board of Governors" or "Board" or "Governors" means the Board of Governors of the Exchange or the Governors who sit on the Board.

6) "Governing Council" means the Governing Council of Iraq and, following the transfer of full governance authority to the Interim Iraqi Government, the body vested with national executive authority.

7) "Chair" means the Chair of the Exchange's Board of Governors of the Exchange; or Chair of the Securities and Exchange Commission, as the context indicates.

8) "CEO" means the Chief Executive Officer of the Exchange.

9) "Member" of the Exchange means a licensed Broker of the Exchange

10) "Broker" means a natural person licensed by the Board of Governors under Section 5(1) (a) of this Law to engage in securities transactions on the Exchange or a legal person so licensed under Section 5(1) (b). A bank may be accepted as a Broker if authorized to act in that capacity under the Banking Law.

11) "Bank" means an entity authorized by the Central Bank of Iraq to conduct banking operations in Iraq.

12) "Company" means a joint stock Company that is an issuer of securities subject to the provisions of this Law or a Company referred to in Section 5(1) (b) (ii) of this Law.

13) "Depository" means the Iraq Depository which will serve as the central clearing and settlement facility for all securities transactions.

14) "Licensed Securities Market" shall mean any securities market that is granted a license by the Iraq Securities Commission to conduct securities transactions.

15) "Securities" mean tradable interests representing financial value, including shares of corporate stock or mutual funds, bonds issued by corporations or the government, stock options, warrants and other derivative securities, limited partnership units and various other form "investment instruments".

16) "Government Securities" means Securities backed by the full faith and credit of, or guaranteed by, the Government of Iraq.

17) "Listed Companies" shall mean all companies that are listed for trading on a Licensed Securities Market.

18) "IASD" means the Iraqi Association of Securities Dealers, a trade organization for all brokers wishing to become participants in Licensed Securities Markets.

19) "Law" or "Interim Law" means this Interim Law on Securities Markets.

20) "Permanent Securities Law" means the successor law to this law, which will establish the comprehensive legal and regulatory framework for securities trading, oversight and securities markets in Iraq.

Section 2
Organization and Objectives

1) The Baghdad Stock Exchange shall cease operations. A new Exchange known as the "Iraq Stock Exchange" is hereby established under this Law.

 a) The Exchange's headquarters shall be in Baghdad, with no prohibition against opening branch offices in other Iraqi cities.

 b) Its corporate existence, including limitation of liability to its own assets and not those of its members, commences immediately.

 c) The Exchange shall have no responsibility for any obligations of the Baghdad Stock Exchange.

 d) The Registrar of Companies in the Ministry of Trade shall have no oversight authority over the Exchange and it need not register with the Ministry of Trade.

e) References in the Company Law of 1997, No. 21, its amendments or other laws to the Baghdad Stock Exchange shall, subject to amendment of such laws, henceforth be read to mean licensed stock exchanges; or arrangements insofar as specified by Commission rules.

f) Upon liquidation of the Baghdad Stock Exchange, any monies remaining after discharge of its obligations shall go to the public budget.

2) The Exchange shall be a legal entity with financial and administrative independence, the right to submit claims before courts, judicial authorities or any other authority, and shall be represented by the Chair of the Board of Governors or a person authorized by the Chair.

3) The Exchange shall be a not-for-profit, member-owned and self-regulatory organization. It shall be independent of the Iraqi Government and the Ministry of Finance. Its business with third parties is commercial in a manner not contradictory to this Law. Its internal governance and the disposition of its assets upon liquidation after payment of lawful claims shall be according to the terms of this Law and the Exchange's rules as authorized and approved hereunder.

4) No stock exchange or other organized securities market may operate without a license from the Commission. The Exchange is hereby licensed and authorized by virtue of this Law to commence operations immediately, subject to regulatory oversight of the Commission. At such time as a new securities law is adopted, the Exchange shall be required to exist and operate in accordance with the terms and conditions of such law. No other interim exchange licenses shall be granted before the first anniversary of the effective date of this Law unless the Commission specifically finds that the interests of investors could not be well-served otherwise.

5) Contracts for the purchase and sale of securities concluded on the Exchange shall be exempt from stamp fees. Companies whose securities are admitted to trading on the Exchange shall have no right to collect any fees with respect to the issuance or transfer of their securities except in such limited circumstances as the Commission may by rule define to promote the convenience or lower the expenses of investors.

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6) The Exchange aims to achieve the following:

a) To operate and regulate its members and listed companies in a manner that is consistent with the goal of protecting investors and promoting investor confidence in the market.

b) To promote the interests of investors in efficient, reliable, competitive, transparent and honest markets.

c) To organize and facilitate fair, efficient and orderly transactions in securities, including the clearance and settlement of such transactions.

d) To regulate its members' dealings in securities-related services and transactions and define the rights and obligations of parties concerned and the means to protect their legal interests.

e) To assist in capital-raising for companies which either are listed, or which desire to list on the Exchange.

f) To engage, as appropriate, in investor education programs to educate potential investors about opportunities for investments at the Exchange.

g) To collect, analyze and publish statistics and information necessary to achieve the goals stipulated in this Law.

h) To establish and support contacts with the stock exchanges of Arab and international markets that may be beneficial to the development of the Exchange.

i) To undertake other services and activities necessary to support its objectives.

Section 3
Transactions on the Exchange

1) No securities transactions shall take place on the Exchange unless the Company has listed that class of securities for trading on the Exchange and the transactions are conducted in accordance with the Exchange's rules.

2) The Exchange's rules regarding transactions in securities and other matters shall be adopted by the Exchange's Board of Governors and shall be subject to approval by the Commission.

3) Securities transactions shall be restricted as follows:

 a) All transactions on the Exchange shall be restricted to those conducted by the Brokers authorized by the Exchange to engage in such transactions.

 b) No Broker or person in the business of effecting transactions in securities for proprietary or client accounts shall engage in any such securities brokerage services off the Exchange, regardless of whether the securities involved in such transaction are admitted to trading on the Exchange, unless those securities are subject to other relevant regulation by the Commission.

c) The restriction in subparagraph (b) of this paragraph 3 of Section 3 shall not apply to:

i). Public subscription for securities at issuance, provided there is compliance with the provisions of Company Law No. 21 of 1997, as amended, any successor laws or amendments and the rules of the Commission.
ii). Transfer by gift to relatives of the second degree (parents, parents-in-law, siblings, siblings-in-law, children, children-in-law) or transfer by inheritance or court order
iii). The restrictions in subparagraph (b) of this paragraph 3 of Section 3 shall not apply to the issuance of Government Securities, provided there is compliance with the rules of the Central Bank of Iraq and Ministry of Finance.

d) The restrictions in subparagraph (b) of this paragraph 3 of Section 3 shall not apply in other circumstances that the Commission may by rule define regarding:

i). Transparent and competitive pricing and trading arrangements;
ii) Investor cost and convenience;
iii) Optimal interaction of supply of and demand for the security;
iv) Disclosure of issuer financial condition, ownership and control;
v) Reliable settlement arrangements; and
vi) Competent and reliable providers of investment services.

4) The Exchange shall have authority to invalidate any transaction in securities on the Exchange that is in violation of this Law, the rules of the Exchange, or the rules of the Commission.

5) The Exchange shall admit an Iraqi Company's securities for trading on the Exchange provided that the Iraqi Company complies with the Exchange's listing standards, which shall, at a minimum, require that:

a) The Company has held its most recent annual general assembly required by law;

b) The Company has submitted to the Exchange and made publicly available financial statements of the Company current as of a date not more than six months prior to the opening day of trading prepared in accordance with such requirements as to form, content and applicable accounting standards and accompanied by such assurances and explanations as the Exchange may require;

c) The Depository has certified to the Exchange that the Company's securities proposed to be admitted for trading on the Exchange are eligible for the Depository based upon such assurances that the Depository may require from

the Company or the Company's registrar regarding the completeness and accuracy of information concerning the amount of the securities outstanding and the ownership of such securities;

d) The securities offered for trading are not subject to any legal restriction on transfer;

e) The Company has agreed to make timely public disclosure of any information that might have a significant effect on the price of its securities to be admitted for trading, and has agreed to comply with such other requirements as the Exchange may impose as a condition for admitting the Company's securities for trading on the Exchange; and

f) The Exchange may (either pursuant to a Commission order or based upon its own determination) remove an Iraqi Company's securities from trading on the Exchange when the issuer fails to comply with Exchange rules or the securities law, or if its securities no longer meet the Exchange's listing requirements.

6) A Company with a class of securities admitted to trading on the Exchange pursuant to Section 3(5) shall be required to comply with the following requirements in order for such securities to continue to be admitted to trading from the opening of the Exchange onward.

a) The Company shall file with the Exchange and the Commission and make publicly available not later than 60 days after the close of each of the first three quarters of the Company's fiscal year unaudited, quarterly financial reports that include summary balance sheets as of the close of the quarter and the most recent fiscal year and comparative quarterly and year-to-date summary statements of income and cash flow through the close of the quarter and for the comparable prior year periods. The quarterly reports shall be prepared in accordance with such requirements as to form, content and applicable accounting standards, and accompanied by such management assurances and explanations, as the Exchange and the Commission may require by rule. For the purposes of this Law, the first unaudited quarterly financial report will be due 60 days following the close of the second quarter of 2004 (on or before August 31, 2004).

b) The Company shall file with the Exchange and the Commission and make publicly available not later than 150 days after the close of the Company's fiscal year, financial statements that shall include a balance sheet as of the close of the fiscal year and statements of income, cash flow and changes in ownership equity for the fiscal year.

c) Commencing with the annual report for the Company's 2004 fiscal year, the financial statements shall be presented on a comparative basis with financial statements for the preceding fiscal year pursuant to the following guidelines

i) The financial statements included in the annual report shall be audited in accordance with international auditing standards by an independent auditor duly licensed in Iraq and shall be presented in accordance with international accounting standards to the extent permissible under the standards in force in Iraq.

ii) The financial statements shall be accompanied by a signed copy of the independent auditor's audit report indicating that they have been audited in accordance with international auditing standards to the extent permissible under the standards in force in Iraq and that they represent a true and fair view of the Company's financial results.

iii) The financial statements shall also be accompanied by such management assurances and explanations as the Exchange and the Commission may require by rule;

iv) The Commission may by rule allow additional time for the audit and audit report if conditions in Iraq indicate that this is necessary.

d) The Company shall hold its annual general assembly not later than 60 days after the date that its audited financial statements are publicly available or such earlier date as may be prescribed by law; and

e) The Company shall comply with such other requirements as the Exchange may impose as a condition for the continued trading of such securities on the Exchange. All information submitted by the Company shall be accurate and objective.

7) The Board of Governors may adopt separate rules regarding the listing, second market and third market trading of Securities.

8) Any joint stock company whose securities are not admitted to trading on the Exchange shall notify the Exchange or such other authority as the Commission may designate as to the dates, quantities, prices or other terms and parties to any transactions in its securities, according to such rules as the Commission may prescribe. By rule or order, the Commission may prescribe a requirement for joint stock companies to apply for admission to trading on the Exchange in order to conduct securities transactions.

Paragraphs 9 and 10 relate to transactions that were conducted after March 19, 2003 (after the closure of the Baghdad Stock Exchange and the opening of the Iraq Stock Exchange). Any transactions that fall under paragraphs 9 or 10 will be subject to specific Exchange regulation and stringent oversight to ensure that such transactions were not fraudulent or manipulative in nature.

9) Any transactions conducted outside of the Baghdad Stock Exchange following its closure on March 19, 2003 until the opening of the Iraq Stock Exchange, other than those transactions specified in paragraph 9 below, shall not be recognized by the Exchange and/or Commission as valid transactions, unless such transactions are executed at the Iraq Stock Exchange by a licensed Broker following the opening of the Iraq Stock Exchange.

10) Transactions resulting from transfer by gift to relatives of the second degree (parents, parents-in-law, siblings, siblings-in-law, children, children-in-law), transfer by inheritance or transfer by court order shall not be subject to the restrictions in paragraph 9 above.

Section 4
General Assembly

1) The General Assembly shall consist of the Brokers authorized to engage in securities transactions on the Exchange.

2) The General Assembly shall have authority to elect the members of the Exchange Board of Governors as further provided in the Exchange's rules, and to exercise such other powers as may be assigned under the Exchange's rules.

3) The Exchange's rules shall determine a date for meetings of the General Assembly and the procedures for holding such meetings.

Section 5
Brokers

1) A Broker authorized to do business on the Exchange shall be one of the following:

 a) A bank authorized under the Banking Law, including foreign banks, subsidiaries and branches, to engage in securities operations in Iraq;

 b) A Company established according to Company Law No. 21 of 1997, as amended, or its successor laws and amendments, that has a specialty in securities brokerage activities, investment management or investment advisory

work and whose authorized director satisfies the conditions set forth in Section 5(2), below; or

c) A Partnership, established according to relevant law, that has a specialty in securities brokerage activities, investment management or investment advisory work and whose authorized director satisfies the conditions set forth in Section 5(2) below.

2) A director or representative of a Broker who is authorized to conduct securities transactions on the Exchange ("Representative") shall be a natural person who:

a) is no less than 21 years old and is a legal resident of Iraq as defined by Iraqi law;

b) is of legal capacity;

c) is not an undischarged bankrupt;

d) has not been convicted of a felony in a court of competent jurisdiction;

e) has not been convicted of a misdemeanor related to financial fraud in a court of competent jurisdiction;

f) is a holder of a university diploma or its equivalent;

g) has at least five years experience in financial and commercial affairs as deemed acceptable by the Exchange;

h) shall conduct brokerage activities within Iraq or at other locations as authorized by the Exchange and approved by the Commission.

3). An associated person of a Broker ("Associated Person") who is authorized to assist in the brokerage business either on the Exchange or at a Broker's place of business shall be a natural person who:

a) is no less than 18 years and is a legal resident of Iraq as defined by Iraqi law;

b) is of legal capacity;

c) is not an undischarged bankrupt;

d) has not committed a felony;

e) has not committed a misdemeanor related to financial fraud or honor;

f) is a holder of a secondary school certificate or equivalent;

g) has appropriate references as deemed acceptable by the Exchange;

h) shall conduct brokerage activities within Iraq or at other locations as authorized by the Exchange and approved by the Commission.

4) A Broker shall be required to adopt and conduct business under a commercial name.

5) A Broker shall not be permitted to engage in securities transactions on the Exchange unless the Broker satisfies the following conditions:

a) The Broker has been admitted to membership on the Exchange;

b) The Broker has been accepted as a participant in the Depository either directly or indirectly through another participant, including through a correspondent clearing participant of the Depository;

c) The daily trading limits for the Broker shall be determined pursuant to Exchange regulation based upon the Broker's net capital adequacy. The Broker's net capital adequacy shall be determined based upon the Depository's assessment of the Broker's ability to meet its trading obligations, as well as the advice from the settlement bank to the Depository; and

6) A Broker that was authorized to engage in securities transactions on the Baghdad Stock Exchange immediately prior to the closure of such exchange March 19, 2003, is hereby granted interim authority and an interim license to engage in securities transactions on the Exchange in accordance with this Law, provided that:

a) Such Broker shall be required to comply with such additional rules applicable to the Broker under this Law as well as subject to such additional rules as may be prescribed by the Exchange, the Depository, the Board of Governors or the Commission.

b) Brokers holding interim or other authority to conduct securities transactions on the Exchange shall comply continuously with any licensing or other requirements necessary to conduct securities transactions in accordance with any revised terms and conditions.

7) A Broker must be represented at the Exchange by one or more of its Representatives who satisfy the conditions set forth in Section 5(2) above and whom the Broker authorizes to conduct the Broker's business on the Exchange, or a person under the supervision and control of the Broker, and for whom the Broker assumes responsibility in accordance with such rules as may be prescribed by the Exchange.

8) The Board of Governors shall adopt rules regulating the circumstances under which a Broker may engage in securities transactions for the Broker's own account or related accounts.

9) A Broker shall act on behalf of the seller or purchaser of securities in a manner that complies with the rules adopted by the Board of Governors. Such rules will include, but not be limited to a requirement that each client provide a signed authorization of the brokerage relationship on appropriate account opening documents. Brokers may not engage in securities transactions for a client or request disbursement of client funds or securities without appropriate client authorization.

10) A Broker shall be required to:

a) Pay all fees related to the Broker's authorization to conduct business on the Exchange according to the Exchange's rules;

b) Keep and maintain books, registers and documents as specified by rules adopted by the Board of Governors of the Exchange or by the Commission.

11) A Broker shall not engage in a sale of securities on behalf of a customer unless the Broker has determined, in accordance with such rules as may be prescribed by the Exchange or the Depository, that the securities are in the custody of the Depository and that the customer has an appropriate ownership interest in the securities.

12) A Broker shall not engage in a purchase of securities on behalf of a customer unless the Broker has determined, in accordance with such rules as may be prescribed by the Exchange or the Depository that the customer has sufficient funds to pay for the securities.

13) A Broker shall be bound to do the following:

a) Protect confidential information regarding investors except where legally obligated to reveal such information;

b) Act with honesty, integrity and adherence to the rules of the Exchange and commercial norms;

c) Act in the best interest of clients at all times, including placing the interests of clients ahead of the Broker's interests, protecting clients' rights and informing clients of all relevant information relating to clients' securities transactions;

d) Abstain from engaging in false or sham transactions, other forms of market manipulation and acts and practices that have the effect of misleading or deceiving investors or creating false or misleading impressions.

e) To act as a fiduciary for client funds and as such, to not co-mingle client funds or accounts with broker funds or accounts.

14) The Commission and the Exchange shall have the authority to gain access to any information relevant to enforcement of this Law or the rules of the Exchange or Commission from Brokers or their agents, employees or owners, without any need for notice or approval by that Broker, their Representatives or Associated Persons.

15) The Broker shall maintain a required level of cash or collateral in its account, as determined by the Board of Governors according to Exchange rules, which is to be held at the Depository or Depository settlement bank. If the required amount is deficient for any reason, the Broker shall complete it within a period specified by rules of the Exchange, the Depository or the Depository settlement bank, as applicable. The failure of the Broker to do so shall be grounds for prohibiting the Broker from engaging in further securities transactions until complete financial assurance is provided.

16) A Broker shall be required to disclose all fees, commissions and mark-ups charged to its clients prior to entering into any agreements or understandings with a customer. The Exchange may prescribe rules relating to maximum commission, mark-up and fee levels, as well as disclosure requirements, as approved by the Commission.

Section 6
Board of Governors

1) The Exchange shall be governed and operated under the direction of a nine-member Board of Governors whose members, during the period governed by this law, shall serve for the shorter of a one-year term or until the Permanent Securities Law is promulgated. Members of the Board of Governors are eligible but not guaranteed for re-appointment under the Permanent Securities Law.

2) The composition of the Board of Governors shall be as follows:

 a) The Chair of the Board of Governors. One or more nominees shall be proposed by the Board of Governors or a Nominating Committee of the Board of Governors.

 b) The Chief Executive Officer of the Exchange, whose appointment shall be approved by the Administrator in consultation with the Board of Governors.

 c) A member representing the companies whose securities are listed or admitted to trading on the Exchange, for which one or more nominees shall be proposed by the Board of Governors or its Nominating Committee.

 d) A member who shall be a senior officer of the Iraqi Association of Securities Dealers (IASD) or a senior member of an IASD member firm, for which the IASD shall propose one or more nominees.

 e) A member representing Brokers that are authorized to engage in securities transactions on the Exchange, for which the Board of Governors shall propose one or more nominees.

 f) Four qualified public governors who are, and must remain, independent of the Exchange or any of its constituencies shall be proposed by the Board of Governors. One of these candidates shall have expertise in information technology matters, for which the independent members of the Board of Governors shall propose three or more nominees.

3) Except for the Chief Executive Officer, all members of the interim Board of Governors shall be appointed by the Administrator following consultation with the Governing Council. The interim term of these members shall commence on the effective date of this Law and shall expire at the sooner of the enactment of the Permanent Securities Law or one year after this law is promulgated. The members of the interim Board of Governors are eligible, but not guaranteed for reappointment.

4) Members of the Board of Governors will also be appointed under the Permanent Securities Law. Thereafter, the Board of Governors shall be elected by the General Assembly in accordance with the rules of the Exchange.

5) For the purposes of this law and for the expedient purpose of opening the Iraq Stock Exchange, Sections 6.1 and 6.2 above notwithstanding, for the initial term, the Board of Governors should, but is not required to be comprised of persons who meet the criteria specified in this Law.

6) The Board of Governors shall perform or may authorize directors, officers or managers of the Exchange to:

a) Establish the general policy and organizational framework of the Exchange.

b) Create the Exchange's rules and submit them to the Commission for approval, including rules to prevent conflicts of interest from influencing the work of the Board and the Exchange and providing for the withdrawal of Governors from voting when a conflict of interest arises.

c) Establish other rules related to transactions in securities, to be filed with the Commission.

d) Implement financial, administrative and accounting rules necessary to regulate the Exchange's operations, subject to Commission approval.

e) Review and approve, approve subject to conditions, or disapprove, applications for admission of securities to trading on the Exchange, including procedures for removing securities from admission to trading.

f) Review and approve, approve subject to conditions or disapprove, applications of persons who seek to become Brokers authorized to engage in securities transactions on the Exchange.

g) Verify and approve the budget and final accounts of the Exchange, enclosed with a report of an independent auditor, and submit them to the Commission and the General Assembly.

h) Take necessary measures with regard to suspicious operations according to the Exchange rules, this Law, and the rules of the Commission.

i) Conduct oversight of all activity at the Exchange, stop the Exchange activity if necessary for the protection of investors and ban trading in securities for a period not exceeding five business days and, with the Commission's approval, for any additional period.

j) Stop trading in securities of a particular Company for the protection of investors for a period not exceeding ten business days and, with the Commission's approval, for any additional period.

k) Check and inspect Brokers' registers, records, books, and business, and require members to furnish documents or witnesses under their control for the investigation or adjudication of disciplinary or arbitration matters.

l) Engage in internal discipline of a formal or informal nature including imposing fines and suspensions pursuant to rules of the Exchange and this interim Law.

7) The Board of Governors shall authorize the CEO to have the authorities mentioned in Section 6(5) (i) through (l), above, according to the limits it decides.

8) The Board of Governors may delegate other authority of the Board and the Chair to the CEO, other officers of the Exchange or a Committee of the Board as deemed appropriate, provided that such delegations shall be reflected in rules of the Exchange. The Board, its delegates, and all Exchange officers shall act diligently in the best interests of the Exchange, its members and the investing public and shall strive to effectuate the purposes and provisions of this Law.

9) The Administrator, in consultation with the Commission and notification to the Governing Council, may remove a Governor prior to the expiration of his or her term only for cause, which shall be defined to mean conviction of a violation of this Law or another law, other than minor infractions, physical inability to perform his or her duties, or gross incompetence.

Section 7
Exchange Finance

1) The Exchange's finances shall consist of the following:

a) Fees paid by companies for admission of their securities to trading and for continued trading on the Exchange.

b) Fees paid by Exchange members related to authorization of the members and their employees and agents to engage in securities transactions on the Exchange, including but not limited to, an entry fee and annual dues.

c) Commissions or fees based upon the volume of trading taking place on the Exchange.

d) Fines imposed by the Exchange on those persons subject to the Exchange's jurisdiction who violate this Law or the rules or regulations of the Exchange or the Commission.

e) Revenues from the sale of Exchange transaction data, statistics and publications, subject to rules of the Commission assuring the dissemination of basic information.

f) Donations and loans to the Exchange, which shall be subject to Exchange and Commission rules.

g) Revenues from investment of Exchange funds.

h) Other revenue sources authorized by the Board of Governors, subject to Commission approval and consistent with relevant laws, including Orders of the Coalition Provisional Authority.

2) The Board of Governors shall establish the above-mentioned fees, commissions and charges for services offered by the Exchange, subject to Commission approval, recognizing that the continued operating and development needs of the Exchange shall be taken into consideration, but that accumulation of unnecessary surplus funds is to be avoided.

3) The Exchange's final accounts and annual report shall be subject to approval by the Board of Governors and then shall be filed with the Commission as soon as practicable, regardless of whether or not they have been presented to the General Assembly. Any amendments to the final accounts and annual report shall be timely filed with the Commission. The final accounts and annual report shall be presented to the General Assembly at its annual meeting, which shall be scheduled in accordance with the Exchange's rules.

4) The Exchange's financial year shall commence on the first of January of each year and end on the last day of December, provided, however, that the initial financial year shall begin upon the commencement of Exchange operations and shall concluded December 31, 2004.

Section 8
Exchange Operations and Oversight

1) The Government of Iraq shall have no ownership interest in the Exchange or any revenues or assets of the Exchange, provided, however, that nothing contained in this Law shall prevent an otherwise qualified legal entity owned in whole or in part by the Government of Iraq from being a member of the Exchange or Depository and participating in the General Assembly.

2) All governing instruments and rules of the Exchange shall be subject to approval, supplementation and abrogation by the Commission, which shall have authority to inspect all operations of the Exchange and impose appropriate disciplinary sanctions in the event that the Exchange fails to enforce any provision of this Law for which it is responsible or any rule or regulation of the Exchange.

3) The Board of Governors may form committees to address the needs of the Exchange. The Exchange's rules shall specify the work of these committees. Such committees may include, but not be limited to the following:

 a) Executive Committee

 b) Compliance Committee

 c) Business Conduct Committee and a Sub-Committee of Member Officials (on-floor rulings)

 d) Finance Committee

 e) Membership Committee

 f) Marketing/Public Relations Committee

 g) Arbitration Committee

4) All Exchange Governors, officers and employees shall be required to agree to and sign a Code of Conduct which will include but not be limited to, full disclosure of all financial dealings of those individuals, potential conflicts of interest and such additional components according to the rules of the Exchange.

Section 9
Depository – Clearance and Settlement

1) There is hereby established a securities depository known as the Iraq Depository. Subject to the further provisions of this Section, the Depository shall be a division of the ISX open to participation by any member of the Exchange subject to such terms and conditions as the Director of the Depository shall specify by rule, subject to the approval of the Board of Governors and the Commission. The Depository aims to:

 a) Promote the timely, safe and efficient settlement of securities transactions in accordance with the terms of those transactions;

 b) Promote open and non-discriminatory access to clearance and settlement services.

 The Commission may by rule require fair access to the Depository by persons who are not members of the Exchange but whose securities holdings or activities are

such as to make their direct participation beneficial to the efficient functioning of the market or who should be able have access through a member.

2) The Depository shall be governed and operated under the terms and conditions of its rules, as approved by the Board of Governors and the Commission.

3) All securities transactions taking place on the Exchange shall be required to be cleared and settled through the facilities of the Depository on a book-entry basis. Once securities have been deposited in the Depository, they may not be withdrawn or subsequently transferred in physical form. Depository rules shall provide for evidence of ownership of securities. The Commission may adopt rules regarding the necessity of depositing at the Depository for book-entry transfer other securities not admitted to trading on the Exchange but that have been or shall be offered for public subscription.

4) Securities transactions on the Exchange or as otherwise provided by Commission rules that are cleared and settled through the facilities of the Depository shall be entitled to a presumption of finality. This section shall supersede Article 66, first paragraph, of Company Law No. 21 of 1997. Lawful transfers on the books of the Depository of deposited securities shall supersede the provisions of Article 68 of the Company Law.

5) Securities registered at the Depository in the names of others for holding and transfer in book-entry form shall not be regarded as property of the Depository or the Exchange or be subject to the claims of their creditors.

6) Liabilities or assets acquired by the Depository as central counterparty, maintainer of a settlement guarantee fund or otherwise purely in the course of settling trades and transfers shall not be subject to third-party claims disruptive of the settlement process.

7) The Depository or Exchange may establish a guarantee fund for the settlement of trades or transfers. This fund shall not be available for any other use by the Depository or Exchange or be subject to claims of their creditors, except claims arising from the rules of participation in such fund or the settlement provisions of those rules. This section shall supercede bankruptcy law.

8) The Depository is hereby authorized to commence operations at the same time that the Exchange commences operations. All governing instruments and rules of the Depository shall be subject to the approval of the Exchange and the Commission.

Section 10
Principal Holders of Securities and Control Transactions

1) "Affiliated Persons" for purposes of this Section 10 shall mean two or more persons working together for the purpose of holding or exercising practical control over the affairs of a company, but shall in all cases include at least persons with the following relationships if one is aware of the holdings of another in a subject company:

 a) Spouse, minor children or other persons living in the same household or any other relatives to the fourth degree (parents, parents-in-law, siblings or siblings-in-law, children and/or paternal and maternal cousins);

 b) When one is a legal person and the other is its officer, director or employee or an owner of 10% or more of the votes from shares or quotas in it.

2) Any Person or Affiliated Persons who, at the time this Law comes into effect or thereafter own or have a right to own 10% or more of the shares entitled to vote in a joint stock company:

 a) Shall inform the Exchange and the Commission in writing;

 b) Shall inform the Exchange and the Commission about any dealing or conduct that leads to an increase in this percentage as soon as such dealing occurs;

 c) Shall report any decrease in such ownership to below 8%.

 All of the above disclosures shall be made public by the Exchange and the Commission.

3) It shall be unlawful for a Person or Affiliated Persons to acquire or seek to acquire a right to more than 30% of the shares entitled to vote of any joint stock company unless the person or persons, whether natural or legal, identify themselves and disclose their holdings to the Exchange and the Commission and comply with such rules as the Commission may prescribe with respect to such transactions and the protection of minority owners. Such reports shall be made public by the Exchange and the Commission. This provision shall apply also to persons holding such positions at the time this Law comes into effect.

4) Each joint stock company's registrar and the Depository shall report to the Commission the holdings of any owner in its records having more than 10% of a joint stock company's shares entitled to vote.

Section 11
Disciplinary Matters

1) The Exchange shall have a Business Conduct Committee ("BCC") that, pursuant to Exchange rules, will have authority to make decisions binding upon members and listed companies with respect to violations of this Law, Exchange rules and Commission rules applicable to the Brokers' activities on the Exchange or a Company's compliance with obligations for admission to trading.

2) The BCC shall be appointed by the Board of Governors and its by-laws shall be set forth in Exchange rules. The BCC shall be comprised of public and industry members; with the Chair of the BCC being the Chief Regulatory Officer of the Exchange, or the CRO's delegate.

3) Pursuant to Exchange rules, the BCC may delegate to officers or members of the Exchange the authority to resolve disputes arising at the Exchange in the normal course of business, provided that the delegate comply with the Exchange's rules in resolving such disputes.

4) The procedures of the BCC shall provide any member, member organization or associated person it may discipline with notice of the charges against the person and reasonable opportunity to present evidence and arguments in the person's favor. Further procedures relating to the disciplinary process will be set forth in the rules of the Exchange. Temporary action may be taken in advance of full hearing but only in exigent circumstances according to the rules of the Exchange.

5) The BCC may make findings with respect to matters it considers, which may include but not be limited to a dismissal of the charges, or a finding that the charges are substantiated, along with a finding of appropriate penalties.

6) Imposition of penalties by the BCC will be set forth in Exchange rules, including:

 a) A Letter of Warning;

 b) Letter of Consent with Compliance Undertakings;

 c) Financial fine, restitution or disgorgement of profits;

 d) Suspension of a Broker, a Broker's Representative or Associated Person from work for a period of time;

 e) Suspension or halt of trading in securities of a Company for a period of time;

f) Revocation of a Broker's authorization to trade securities on the Exchange;

g) Removal of a Company's securities from admission to trading on the Exchange.

7) BCC disciplinary decisions may be appealed in accordance with the rules of the Exchange. In general the appellate process shall be to the:

a) Board of Governors, and if the appellant is not satisfied, to the Commission.

b) Decisions of the Commission are final when issued unless appealed in accordance with Section 13(2), below.

Section 12
Interim Iraq Securities Commission

1) There is hereby established an interim Iraq Securities Commission comprised of five Commissioners including a Chair, whose members shall be appointed by the Administrator following consultation with the Governing Council. The Chair may, from time to time, designate a Vice Chair to assume the Chair's responsibility in the event that the Chair is unable or unavailable to perform the required duties.

2) The positions of Chair and one other Commissioner shall be full-time positions, whereas the other three Commissioners may hold other employment.

a) No Commissioner shall, however, participate, directly or indirectly, in any brokerage business, or transactions of a character subject to regulation by the Commission pursuant to this Law, nor accept anything of value from any person involved in the trading or distribution of securities, their auditors or the affiliates of any of them, except in the ordinary course of business on terms available to the general public and in conformity with the code referred to in Section 12(7) below.

b) No Commissioner shall participate in the consideration of a matter in which he or she has a direct or indirect personal financial interest, subject to the provisions of the code referred to in Section 12(7), below.

3) The term of the Commission and the Commissioners shall expire on the first to occur of:

a) The effective date of a Permanent Securities Law that provides for the establishment of a permanent Securities and Exchange Commission or equivalent regulatory body; or

b) The second anniversary of the effective date of this Law.

The Administrator in consultation with the Governing Council may remove a Commissioner prior to the expiration of his or her term only for cause, which shall be defined to mean conviction of a violation of this Law or another law, other than minor infractions, physical inability to perform his or her duties, or gross incompetence.

4) The Commission shall have a legal personality and shall have the right to sue and be sued, and may be represented in legal proceedings by the Government of Iraq or any attorney the Commission appoints for such purpose.

5) The Commission shall be accountable to and shall submit an annual report of its activities to the executive branch of the Government of Iraq not later than ninety days after the close of the Commission's fiscal year. The Commission's books, records and accounts shall be subject to inspection and its financial statements shall be subject to audit in the same manner as provided for other agencies or authorities of the Government of Iraq.

6) The salaries, benefits, and all financial entitlements of the Commissioners shall be presented to the Administrator for his approval in consultation with the Governing Council. The Commission is authorized to fix the compensation of such officers, attorneys, accountants, examiners, economists and other experts or employees as may be necessary for carrying out its functions under this Law

7) The Commission shall adopt and publish a written code of conduct applicable to the Commissioners and all employees of and consultants to the Commission, which shall address conflicts of interest and potential misuse of nonpublic information that may arise in connection with such persons' duties with the Commission and define related restrictions on such persons holdings of or trading in securities.

8) Notwithstanding the fact that any nonpublic information in the possession or within the knowledge of Commissioners, officers and employees of the Commission shall be deemed confidential and that any unauthorized disclosure of such information may be subject to punishment by the Commission or under other laws and regulations, the Commission shall be authorized to use and make public disclosure of such information as it deems necessary for enforcement of the provisions of this Law and consistent with the public interest and the protection of investors.

9) No Commissioner, employee or agent of the Commission, or any person appointed by the Commission under this Law to carry out any function under this Law shall be personally liable in damages for any act or omission taken in the discharge or purported discharge of official functions within the scope of his or her authority,

employment or engagement under this Law, absent a finding of malice and intentional abuse of office. The Commission shall indemnify any person referred to in the preceding sentence against any legal costs incurred in the defense against a legal action brought against such person in connection with the discharge or purported discharge of official functions within the scope of the person's employment or engagement under this Law, provided that no such indemnification shall apply if the person has been convicted of a crime arising out of the activities that are covered by such legal action.

10) The Commission's budget shall be determined annually as part of the overall budget process of the Government of Iraq. Any fines or monetary penalties that may be imposed by the Commission in enforcing the provisions of this Law shall not be retained by the Commission, but shall be paid into the general treasury of the Government of Iraq.

11) The Commission may issue, amend or repeal rules, regulations and orders only as authorized by specific provisions of this Law. The Commission's rules, regulations and orders may classify persons, securities, transactions or filings, and prescribe different requirements for different classes. The Commission may issue a declaratory ruling as to the applicability of this Law or any rule or order under this Law to any person, security or transaction.

For purposes of Section 12, paragraph 12 et.al, below, any references to the "Exchange" shall also be deemed to apply to any other Licensed Securities Markets approved by the Commission

12) The Commission is authorized to:

a) Review the actions of and approve, disapprove or, where necessary and upon notice and opportunity for comment, supplement or abrogate the governing instruments and other rules of the Exchange and the Depository under this Law;

b) Require the Exchange, the Depository, and Brokers authorized to engage in securities transactions on the Exchange to maintain such records and make such reports on their financial condition and business related to securities transactions as the Commission deems necessary to implement the provisions of this Law;

c) Inspect the operations of the Exchange, the Depository and any Broker or other person authorized to effect securities transactions directly on the Exchange or to participate directly in the Depository.

d) Notwithstanding any provisions of the Banking Law, inspect Brokers who are banks including their securities operations and related personnel and records;

e) Issue subpoenas for the production of documents or witnesses;

d) Inspect the operations of Companies who have any class of securities listed for trading on the Exchange.

e) Promulgate rules for disclosure of information and reports required to be made publicly available by companies whose securities are or have been offered for public subscription or distribution or admitted to trading on the Exchange; review such information and reports, and require revision of such information and reports where the information provided is materially incomplete, false or misleading, notwithstanding any provision of the Law on Companies of 1997, No. 21 as amended, or any successor law to the contrary;

f) Promulgate rules related to the disclosure of major holdings and for acquisition of control-affecting blocks of securities in joint stock companies;

g) Promulgate rules relating to investment management and investment advisory activities for Brokers, Banks or other Companies or Partnerships.

h) Enforce this Law, any rules adopted under this Law and any rules of the Exchange or the Depository; and take appropriate disciplinary action against any person who violates such Law or any such rules ; and

i) Exercise all of the other duties and rights given the Commission by this Law.

13) The Commission shall act in a timely manner upon rule filings and other relevant requests from the Exchange or any other Licensed Securities Market. In the event that the Commission does not respond to any such rule filing or request no later than 120 days from the date of receipt of such request; the request or filing shall be deemed to be approved.

14) The Commission shall have the powers to bring civil and criminal actions relating to this Law and the rules hereunder, including Exchange and Depository rules. Any person from whom the Commission requests information or documents, on the basis of its reasonable belief that such information or document is relevant to a possible such violation, shall provide such information or documents. If any person refuses to provide such document or information, the Commission may seek relief in a court of competent jurisdiction.

15) If the Commission finds, after notice and opportunity for hearing, that any person has violated, is violating or is about to violate any provision of this Law or any rule hereunder, the Commission may:

a) Enter an order requiring such person to cease and desist from committing the violation and any future violation of the same provision or rule. Such an order also may require such person to comply with the provisions or rules upon the terms and within the time that the Commission may specify in such order.

b) Impose an administrative penalty upon such person, payable to the Treasury of the Government of Iraq, of up to 50 million dinars for any violation involving fraud, deceit or willful or reckless disregard of a regulatory requirement, or of up to 25 million dinars for any other violation.

c) In exigent circumstances, the Commission may, upon such notice as is practical in the circumstances, provisionally order a person to cease and desist where the evidence indicates that awaiting resolution by a full hearing of the matter carries a more serious risk of harm than issuing a provisional order. No provisional order may remain in force more than ten business days without further opportunity for hearing and presentation of evidence by the persons subject to the order.

16) Appeal and enforcement of the orders and decisions of the Commission shall follow the procedures applicable to appeal of orders of a court of first instance. Orders that are not appealed in such manner may not be challenged in proceedings to enforce them. An appeal of an order or decision of the Commission shall not stay or suspend the imposition of any sanction or penalty levied by the Commission unless the Commission or the court of appeals takes affirmative action to stay or suspend such sanction or penalty.

17) If in its opinion the public interest and the protection of investors so require, the Commission is authorized by order to:

a) Summarily suspend trading in any security admitted to trading on the Exchange or that has been offered for public subscription for a period not exceeding ten business days; and,

b) Suspend or revoke the Exchange's listing or authorization of trading of a security, if the Commission finds, on the record and after notice and opportunity for hearing, that the issuer of such security has failed to comply with any provision of this Law or the rules hereunder.

Section 13
General

1) The Commission shall ensure that rules of the Exchange and the Depository provide fair and open access to membership, facilities and services and impose no

burdens on competition except insofar as required to promote transparency, efficiency and financial responsibility in the trading of securities, and that such rules provide for fair and reasonable procedures for the denial, revocation or restriction of access to such membership, facilities or services.

2) Commission decisions regarding appeal of a Board of Governors decision to impose a sanction or penalty specified in Section 11(5) of this Law may be appealed to a court of appeals within 30 days of the final Commission decision. An appeal of such a decision of the Commission shall not stay or suspend the imposition of any sanction or penalty levied by the Commission unless the Commission or the court of appeal takes affirmative action to stay or suspend such sanction or penalty.

3) During the course of any investigation by the Exchange, or disciplinary proceeding by the BCC, the Board of Governors or the Commission, if the evidence indicates that a crime may have been committed, the appropriate body, as applicable, shall transmit the evidence of the crime to a public prosecutor or court that would have jurisdiction to prosecute or adjudicate the crime. Such criminal reference, however, shall not constitute grounds for a stay or suspension of any investigation or proceeding undertaken by the Exchange, the BCC, Board of Governors or Commission, as applicable.

4) The rules of the Baghdad Stock Exchange shall be applicable to the Iraq Stock Exchange, but only to the extent consistent with this interim Law and the rules hereunder.

5) Persons authorized to engage in securities transactions according to this Law shall not, unless they are banks, be required to be licensed under the Banking Law as to securities-related dealing or brokerage, investment advisory or investment management activities.

6) Following the transfer of full governmental authority to the Iraqi Interim Government, the duties of the Administrator and the Governing Council under this Order shall be assumed by the body vested with national executive authority unless otherwise provided in this Law.

Section 14
Arbitration

1) The Exchange may adopt rules providing for arbitration of disputes between members and between members and such of their customers who shall consent to arbitration. The Exchange may delegate the authority for arbitration to another

organization approved by the Commission, provided that all arbitration rules shall be subject to approval, supplementation and abrogation by the Commission.

a) The Commission shall monitor, and obtain reports, from time to time, from the Exchange's arbitration committee.

b) The arbitration committee's mandate, as set forth in Exchange rules, shall be to arbitrate disputes that may arise between two or more Brokers; or between Brokers and customers that are:

i). Related to securities transactions effected on the Exchange;

ii) Subject to clearance and settlement through the Depository

Conducting transactions in securities on the Exchange shall be considered an acknowledgement by a Broker to subject any disputes to arbitration.

2) The Exchange arbitration procedures shall be set forth in Exchange rules and approved by the Board of Governors, then submitted to the Commission for approval.

a) With respect to disputes between Brokers, the arbitration committee decisions shall be binding on all parties, subject to such provision for appeal as the Commission, for the protection of investors, may see fit to adopt by rule.

b) With respect to disputes between Brokers and clients, either party may appeal the decision to the Board of Governors of the Exchange; and, if still dissatisfied, to the Commission. The Commission's decision shall be binding and not subject to further appeal.

Section 15
Penalties

Persons who willfully violate the provisions of this Law or a lawful order of the Commission or who fail to comply with the Commission's lawful demand for information or documents under this Law, as well as persons who knowingly and substantially assist such conduct, shall be subject to fines and penalties as specified by law, which may include imprisonment upon a conviction by a court of competent jurisdiction.

Section 16
Entry into Force

This Order shall enter into force upon signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 75

REALIGNMENT OF MILITARY INDUSTRIAL COMPANIES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Furthering commitments to promote public order and safety and restore the conditions of security and stability for the Iraqi people,

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Recognizing that many state-owned enterprises previously engaged in military industrial production (heretofore "military industrial companies") sit idle and largely abandoned throughout Iraq,

Concerned that buildings and factories of companies formerly assigned to the military industrial commission (or "military industrial companies") often contain stockpiles of hardware and materials that remain deployable for violent uses against Coalition Forces and the people of Iraq, and that employees of these companies remain needlessly underemployed and unable to utilize their skills to promote the welfare of Iraq,

Determined to secure and dispose of these stockpiles and to assign responsibility for reconstituting military industrial companies and reassigning their employees as necessary for the promotion of peace, security, and stability in Iraq;

I hereby promulgate the following:

Section 1
Purposes and Objectives

This Order promotes public order and safety for the Iraqi people by providing for the security and destruction of materials abandoned after the closure of military industrial companies throughout Iraq. This order also restores conditions of stability in Iraq by assigning responsibility for the personnel and assets of military industrial companies to appropriate ministries and facilitating the reconstitution of such companies for peaceful and resourceful uses.

Section 2
Military Industrial Companies

1) Military industrial companies subject to this Order include those state-owned enterprises listed in Annex A. The absence of appropriate responsibility for the facilities and assets of these enterprises has been determined by the Administrator to constitute a continuing threat against Coalition Forces and the people of Iraq if not appropriately secured.

2) State-owned enterprises formerly assigned to institutions dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02), Dissolution of Entities, and those enterprises formerly assigned to the military industrial commission are generally subject to inclusion in Annex A.

3) The military industrial commission is an entity dissolved under CPA Order No. 2 (CPA/ORD/23 May2003/02).

4) The Administrator retains authority to add state-owned enterprises to Annex A if it is determined that such enterprises previously engaged in military industrial production and either (a) threaten public order and safety on account of stockpiles and/or abandoned materials that may be used for violent purposes against Coalition Forces and the people of Iraq, or (b) have real property or other tangible assets that the enterprise as presently constituted cannot adequately safeguard and thus stand in danger of being looted, severely damaged, or destroyed.

5) The Minister of Industry shall be notified of any additions or deletions to Annex A within ten days of such action being taken by the Administrator. The Minister of Industry shall also inform the Administrator of any state-owned enterprise known to have been engaged in military industrial production, but not listed in Annex A

Section 3
Disposition of Military Industrial Assets and Employees

1) The Administrator retains authority to secure facilities and dispose of the material assets of enterprises listed in Annex A so long as the Administrator finds that such facilities or assets or the lack of control over such facilities and assets constitute a continuing threat to Coalition Forces and the people of Iraq.

2) The Administrator also retains authority to reclassify and/or reorganize the enterprises listed in Annex A, so long as the Administrator finds such reclassification and/or reorganization essential to the safety of Coalition Forces and the people of Iraq, the preservation of assets and property for the people of Iraq, or the restoration of societal conditions necessary to the self determination of the Iraqi people. Where an enterprise listed in Annex A is not reassigned to another Iraqi ministry, the liabilities of such enterprise shall be assumed by the Ministry of Finance.

3) The Administrator further retains authority to reassign otherwise unemployed workers of the enterprises listed in Annex A to other Iraqi ministries, governmental agencies, governmental instrumentalities, or state-owned enterprises, so long as the Administrator finds such reassignment furthers the security and safety of Coalition Forces and the people of Iraq or furthers the restoration of societal conditions necessary to the self determination of a free people.

4) To ensure continuity in the economy of Iraq and the salaries of workers reassigned under this Section, the Minister of Finance will assure that the budget of any enterprise reassigned and/or reclassified under this Section, and the associated payroll information for any employee reassigned under this Section, shall follow that enterprise or employee to their new ministry or place of employment. Employees reassigned under this Section shall be guaranteed a salary commensurate with the salary paid by their former employer.

5) The Minister of Industry must be notified in writing of any action taken under this Section, and within 14 days of such notice may issue an opinion as to whether such action serves the interests of the Iraqi people. The Minister of Industry may make specific recommendations for alternative courses of action, keeping in mind that the Administrator retains full authorization under the laws and usage of war to ensure and restore public order and security in Iraq.

Section 4
Assignment and Consolidation

1) Responsibility for military industrial companies and the assets and personnel thereof not listed in Annex A shall be assigned to the Ministry of Industry and Minerals or such other ministry as the Administrator deems appropriate. These companies shall include all state-owned enterprises formerly supervised or owned by institutions dissolved under CPA Order No. 2 (CPA/ORD/23 May 2003/02), or formerly assigned to the military industrial commission.

2) Military industrial companies assigned to the Minister of Industry and Minerals under this Section may be subject to consolidation pursuant to the procedures set forth in other CPA Orders.

Section 5
Administrative Instructions

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

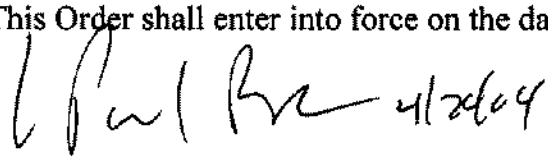
Section 6

Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

Annex A

Military Industry Commission Companies (MIC's) to Ministry of Industry and Minerals (MIM):

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Al Saheed	Copper production	1,300	11.9%	45%	MIM
2. Tareq	Pesticides, chemicals	896	30.6%	25%	Ministry of Finance
3. Hammurabi	Pistols, small arms	636	2.8%	15%	Ministry of Finance
4. Al Tahady	Electromecanichal	399	10.4%	35%	MIM
5. Ibn Waleed	Heavy armored veh. Rep.	926	10.5%	60%	Ministry of Finance
6. Al Ikhaa	Mechanical, optics	2,382	1.7%	20%	MIM
7. Al Rasheed	Co2 producer, mechanical	2,290	43.2%	50%	Ministry of Finance
8. Asahf al Kabir	Concrete additives	86	26.1%	35%	Ministry of Finance
9. Al Noaman	Plastic injection, irrigation	643	6.0%	10%	MIM
10. Al Uboor	Mechanical machining	1,217	70.4%	100%	Ministry of Finance
11. Al Mansour	Solar cells, IC, gases	670	0.2%	5%	MIM
12. Radhwan	Machining	760	34.0%	60%	Ministry of Finance

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
13. Al Nidaa	Dies, molds, gears	1,281	41.8%	80%	Ministry of Finance
14. Al Salam	Construction Equip.	752	7.7%	100%	Ministry of Housing
15. Ibn Majed	Eng. Mfg. Marine et.al.	1.648	21.6%	30%	MIM

MIC's to Ministry of Labor and Social Affairs (MOLSA):

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Training Center	All defense SOE's specialties	N/A	N/A	N/A	Ministry of Labor

MIC's That Will Have Surviving Assets and Employees Transferred to Other Iraqi Government Agencies:

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
1. Jaber ben Hayan	Plastic, rubber, filters	904	25.7%	95%	Ministry of Finance
2. Yarmuk	Ammunitions, barbed wire	2,708	65.8%	100%	Ministry of Finance
3. Al ezz	Electronic switching	1,046	23.7%	100%	Ministry of Finance
4. Al Kadissiya	Guns, grenades, mortars	3,035	69.9%	100%	Ministry of Finance

Enterprise Name	Area of Activity	Total Amount of Workers	Buildings Level of Destruction(%)	Machines Destruction and Looting(%)	Assign Employees and Assets to:
5. Al Fidaa	Hydraulic, pneumatic systems	1,285	50.2%	100%	Ministry of Finance
6. Al Karama	Missiles, mechanical	2,287	51.4%	40%	Ministry of Finance
7. Al Qaqa	Explosives, powder, TNT	5,365	36.6%	85%	Ministry of Finance
8. Bader	Tools, dies	1,631	82.8%	100%	Ministry of Finance
9. Tabook	Powder for cartridges	532	0.3%	20%	Ministry of Finance
10. Al Hadhar	Chemical products	572	70.6%	100%	Ministry of Finance
11. 7 Nissan	Fuses, military shells	2,652	94.2%	100%	Ministry of Finance
12. Al Hareth	Radars, welding equipment	1,387	0.0%	60%	Ministry of Finance
13. Al Kindi	R & D radars	976	38.0%	90%	Ministry of Finance
14. Sanahareeb	Irrigation systems	675	22.3%	100%	Ministry of Finance
15. Salahuddeen	Communication, radars	2,900	34.2%	75%	Ministry of Finance
16. Ibn Rushd	Qa, testing, inspection	448	50.0%	100%	Ministry of Finance
17. Hutten	Ammunition, guns, mortars	5,473	25.9%	70%	Ministry of Finance

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 76

CONSOLIDATIONS OF STATE-OWNED ENTERPRISES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system by promoting economic reconstruction and the conditions for sustainable development in a competitive global marketplace,

Determined to encourage more efficient Iraqi governance by consolidating government functions carried out by certain state-owned enterprises into government agencies,

Further committed to improve the production and economic performance of some Iraqi state-owned enterprises by merging them together,

I hereby promulgate the following:

Section 1
Purpose

This Order provides for the consolidation and reorganization of certain state-owned enterprises into government ministries or agencies. This Order also clarifies the operation of existing procedures with respect to the merger of state-owned enterprises.

Section 2
Consolidation

1) The state-owned enterprises listed in Column 1 of Annex A shall be consolidated into the Iraqi ministries listed opposite those companies in Column 2 and may be reorganized or reclassified as appropriate under the particular economic facts and circumstances, so long as such reorganization remains consistent with this Order. The Administrator may add to and remove state-owned enterprises from Annex A. A minister may propose to the Administrator a state-owned enterprise for consolidation. Following the transfer of governmental authority to the Interim Iraqi Government, a minister shall make proposals for consolidation of state-owned enterprises to the Council of Ministers or its successor. Generally, state-owned enterprises selected for consolidation will be those that are not a complete business, but that provide a needed

and valuable service, the operations and assets of which can be successfully transferred to a ministry. State-owned enterprises that include any private ownership shall not be consolidated pursuant to this Order.

2) Such consolidation shall be effected on approval of the Administrator and executed under the direction of the minister of the ministry into which the state-owned enterprise will be consolidated (the "gaining ministry"). Following the transfer of authority to the Interim Iraqi Government, a consolidation shall be effected on approval of the Council of Ministers or its successor. The minister shall have the authority to reorganize the state-owned enterprise or components thereof in a manner that effectively integrates the enterprise into the respective ministry.

3) The gaining minister may, with the written approval of the Minister of Planning (or his delegee), and as provided by law, sell or otherwise dispose of any surplus assets, except real property and cultural property (as defined in the Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954), of the state-owned enterprise or the ministry that are no longer necessary to the continued functioning of such enterprise or ministry as a result of the consolidation; provided, however, that such sale or disposition is accomplished through a transparent and market-based transaction between two parties with independent interests, operating in good faith and at arms-length, resulting in fair market value compensation to the ministry. The proceeds of any sale or disposition under this Section shall be paid to the Ministry of Finance, which may, in its discretion and with a view toward encouraging the sale of unnecessary surplus assets, pay up to 50% of such proceeds to the gaining ministry, so long as the proceeds are paid through the gaining ministry's existing accounts and reported in line with usual budget and accounting procedures.

4) Once the consolidation of a state-owned enterprise is complete, the gaining minister shall submit a completion certificate to the Ministry of Finance, the Governing Council and the Administrator. Following the transfer of governmental authority to the Interim Iraqi Government, the gaining Ministry shall submit a completion certificate to the Ministry of Finance and to the Council of Ministers or its successor.

5) The completion certificate shall contain, at a minimum, the following:

 a) the name of the consolidated state-owned enterprise;

 b) the name of the relevant ministry;

 c) any assets disposed of as part of the consolidation and the amounts received as a result of that disposal;

 d) the date on which the consolidation was completed;

e) the budget for the consolidated state-owned enterprise within the ministry, including a sheet of spent, committed, and remaining budget allocations for the current year; and

f) a list of employees consolidated into the relevant ministry.

6) After submission of the completion certificate and approval of budget allocations for the current year by the Ministry of Finance, paragraph (3) above shall no longer be applicable and Iraqi law shall prevail. The Ministry of Finance shall expedite procedures for reviewing submitted completion certificates, and current year budget allocations shall be deemed approved if not acted upon within two weeks of submission.

7) In cases where the state-owned enterprise is consolidated into a ministry that did not supervise the state-owned enterprise, the gaining ministry shall agree in writing with the releasing ministry on the terms of the consolidation, including, with respect to the payment and identification of any and all outstanding obligations, disposition of assets and employee-related matters. Such an agreement is not required where the former ministry of the state-owned enterprise has itself been dissolved prior to the consolidation, including all ministries dissolved pursuant to CPA Order No. 2 (CPA/ORD/23 May 2003/2).

Section 3
Contracts, Property and Budgets

1) By operation of this Order, the ministry into which the state-owned enterprise is consolidated shall be substituted for the state-owned enterprise as a party in each contract to which the state-owned enterprise is a party. Upon consolidation, the substituting ministry shall be entitled to exercise all of the rights and receive all of the benefits of the enterprise.

2) Notwithstanding paragraph (1) above, the substitution of the relevant ministry for the state-owned enterprise in a contract shall not constitute an explicit or implicit waiver of any immunity, including sovereign immunity, to which the relevant ministry is entitled. Nor shall the relevant ministry retain benefits and entitlements concerning revenue generation, such as raising funds by issuing debt, making loans from a bank other than the Central Bank of Iraq, or holding a bank account outside the Central Bank of Iraq.

3) Except as set forth in Section 2(3), title to all property owned by the state-owned enterprise being consolidated – whether movable or real, tangible or intangible – shall be transferred to the gaining ministry. The gaining ministry shall accomplish such transfer of property through the means or procedures prescribed by Iraqi law.

4) After a completion certificate is delivered to the Governing Council and the Administrator, (or the Council of Ministers or its successor, as appropriate) the Ministry of Finance shall transfer to the gaining ministry the allocation of the national budget associated with the state-owned enterprise being consolidated.

Section 4
Legal Identity

1) Upon the date that the completion certificate is submitted to the Governing Council and the Administrator, (or the Council of Ministers or its successor, as appropriate) the state-owned enterprise shall no longer have a separate legal identity and shall cease to exist.

2) Notwithstanding paragraph (1), the authorities granted by law, regulation or rule to the state-owned enterprise being consolidated shall be transferred to the gaining ministry and may be exercised by the gaining ministry as part of its own authorities.

Section 5
Modifications to the State Companies Law

To effectuate the terms of this Order, the State Companies Law shall be modified as follows:

1) Article 31, Paragraph First of the State Companies Law, No. 22 of 1997 (the "State Companies Law") shall be amended to read in full: "It is permissible to merge two or more wholly state-owned enterprises into a single state-owned enterprise, provided they engage in a similar or integrated activity. If all of the state-owned enterprises involved are overseen by a single ministry, the relevant minister may propose the merger. If each of the state-owned enterprises involved is overseen by a different ministry, ministers of all involved ministries must agree in writing to the merger, including with respect to which ministry will ultimately oversee the state-owned enterprise resulting from the merger (for the purposes of Article 31, 32, 33 and 34, the 'new enterprise')."

2) Article 31, Paragraph Second of the State Companies law shall be amended to read in full: "The involved minister or ministries shall prepare a proposal describing the merger and submit it for final approval to the Administrator in consultation with the Governing Council. Following the transfer of governmental authority to the Interim Iraqi Government, the proposal shall be submitted to the Council of Ministers or its successor for approval."

3) Article 32 of the State Companies Law shall be amended to read in full: "Once the Administrator in consultation with the Governing Council (or the Council of Ministers or its successor, as appropriate) has approved the merger pursuant to Article 31, Paragraph Second, the ministry that will ultimately supervise the new enterprise shall amend the original contract or draw up a new contract. The board of directors shall amend the basic law or draft a new basic law."

4) Article 33 of the State Companies Law shall be amended to read in full: "The ministry that will ultimately oversee the new enterprise shall inform the Registrar of the amended contract or provide the Registrar with the new contract. The merger shall be considered valid as of the date of the Administrator's (or Council of Ministers' or its successors', as appropriate) approval, unless otherwise specified by the Administrator in consultation with the Governing Council (or the Council of Ministers or its successor, as appropriate). On the date the merger becomes valid, the corporate status of the enterprise or enterprises being merged into the new enterprise shall expire. The Registrar shall issue a new certification of establishment."

5) Article 34, Paragraph First of the State Companies Law shall be amended to read in full: "The Governing Council, and subsequent to the transfer of authority to the Interim Iraqi Administration, the Council of Ministers or its successor, shall publish notice of its merger decision in the Official Gazette of Iraq and, if available, the bulletin issued by the Registrar."

6) Article 34, Paragraph Second of the State Companies Law shall be amended to read in full: "The rights and obligations of the enterprise or enterprises being merged shall revert to the new enterprise."

7) Following the transfer of full governmental authority to the Iraqi Interim Government, the duties of the Administrator and the Governing Council under this Order shall be assumed by the body vested with national executive authority.

Section 6
Administrative Instructions

The Administrator may delegate authority to issue Administrative Instructions to clarify and implement this Order.

Section 7
Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 8
Entry into Force

This Order shall enter into force on the date of signature.

5/28/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

SOEs to be Merged:

1. The Industrial Bank into Rafidain Bank, with Rafidain Bank surviving
2. The Real Estate Bank into Rafidain Bank, with Rafidain Bank surviving
3. The Agricultural Bank into Rasheed Bank, with Rasheed Bank surviving
4. The Socialist Bank into Rasheed Bank, with Rasheed Bank surviving

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 77

BOARD OF SUPREME AUDIT

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Noting that the Board of Supreme Audit Law, No. 6 of 1990, (the "Board of Supreme Audit Law" or the "Law") names the Board of Supreme Audit as the supreme audit institution of Iraq,

Understanding that an effective supreme audit institution is needed to (1) provide the public and government with objective, accurate information about government operations and financial conditions, and (2) promote economy and efficiency by carrying out a broad range of financial and performance audits and program evaluations,

Understanding that an effective supreme audit institution can serve as a public guardian by identifying fraud, waste, and abuse, and by promoting anti-corruption and integrity in government,

Determined to ensure the independence and effectiveness of the Board of Supreme Audit of Iraq, while preserving the Board's basic structure,

Having consulted with the Iraqi Governing Council and the Board of Supreme Audit, I hereby promulgate the following:

Section 1
Purpose

This Order reestablishes the Board of Supreme Audit as an independent public institution empowered to enhance the economy, efficiency, effectiveness and credibility of the Iraqi government. It provides that the Board shall work in conjunction with the Commission on Public Integrity and Inspectors General of individual ministries to ensure that the Iraqi government remains honest, transparent and accountable to the people of Iraq.

Section 2
Board of Supreme Audit

The Board of Supreme Audit Law shall remain in effect except to the extent amended by this Order:

1) All powers and authorities granted by the Board of Supreme Audit Law to the now-dissolved Office of the President, Revolutionary Command Council and its Council Chairman are hereby revoked.

2) Article 1 of the Board of Supreme Audit Law is amended to read as follows:

"First: The Board of Supreme Audit is hereby established as a separate and independent government institution with juridical personality empowered to enhance the economy, efficiency, effectiveness, and credibility of the Iraqi government. The Board shall work in conjunction with the Commission on Public Integrity and the Inspectors General of individual ministries to ensure that the Iraqi government remains honest, transparent and accountable to the people of Iraq.

Second: The head of the Board shall be the Board President who shall be supported by two Deputy Presidents. The Administrator shall appoint the initial Board President and Deputy Presidents after consultation with the Governing Council. The terms of these appointments shall end after five years, or one year after the adoption of a permanent constitution pursuant to the Transitional Administrative Law, whichever is sooner. The Prime Minister shall appoint successor Board Presidents and Deputy Presidents for terms of five years, from a pool of three nominees for each appointment to be submitted by the Higher Juridical Council. In submitting its nominees, the Higher Juridical Council shall take account of any views expressed by the Board. A Board President or Deputy President shall serve no more than two terms, whether or not successive.

Third: The Board President and Deputy Presidents shall be selected without regard to political affiliation (consistent with applicable de-Baathification policy) and on the basis of integrity, proven leadership, and training and experience in accounting, auditing, financial analysis, management analysis, public administration, or related fields. In addition, the Board President and Deputy Presidents shall possess demonstrated knowledge, skills, abilities and experience in conducting audits and performance evaluations.

Fourth: The Board President is at the level of minister and enjoys all the rights and privileges of a minister, with authority over Board affairs, personnel, establishment, and budget. The Board President is independent and may not serve in the cabinet in any capacity.

Fifth: The Board President and Deputy Presidents can be removed from office only for cause, as determined by the Administrator in consultation with the Iraqi Governing Council. After the Iraqi Interim Government assumes full governance authority in Iraq, the Board President or a Deputy President may be removed from office only by a two-thirds vote in the body vested with national legislative

authority, for incapacity, serious misconduct in or out of office, dereliction of duty, or gross abuse of office."

3) Article 2 of the Board of Supreme Audit Law, paragraph Fourth, is amended to read as follows: "Promulgate auditing and accounting regulations, based on internationally accepted auditing and accounting standards and best practices, and cooperate with the Commission on Public Integrity to continually improve the rules, practices, and standards applicable to the management, accounting and auditing of public funds in Iraq."

4) Article 2 of the Board of Supreme Audit Law is amended to add at the end the following paragraphs: "Fifth: Detect through audits and performance evaluations evidence of corruption, fraud, waste, abuse and inefficiency in matters related to the receipt, disbursement, and use of public money.

 Sixth: Investigate and report on matters relating to the efficient disbursement and use of public funds as formally requested by the Coalition Provisional Authority, the Iraqi Governing Council or any successor body vested with national legislative authority.

 Seventh: Refer all allegations or evidence of corruption, fraud, waste, abuse or inefficiency in the disbursement and use of public funds to the Inspector General of the relevant ministry or, where appropriate, directly to the Commission on Public Integrity.

 Eighth: Prescribe regulations and procedures for carrying out its duties as the supreme audit institution of Iraq."

5) Article 3 of the Board of Supreme Audit Law is amended to read as follows: "First: The Board shall annually prepare and publish a plan (the "Annual Plan") for fulfilling its mission as the supreme audit institution of Iraq. The Annual Plan shall describe and comment on (a) all anticipated audits and performance evaluations to be undertaken in the coming year; (b) anticipated areas of cooperation with the Commission on Public Integrity and Inspectors General of individual ministries; and (c) any other matter deemed by the Board to be necessary to the achievement of transparent, accountable, and efficient government in Iraq.

 Second: The Board shall annually prepare and publish a report (the "Annual Report") that discusses in detail the audits and performance evaluations undertaken over the previous twelve months. The Annual Report shall include a statement of audits, evaluations, and related work initiated by the Board. It shall also include a statement of audits, evaluations, and related work initiated upon

formal request by the Commission on Public Integrity, the Coalition Provisional Authority, the Iraqi Governing Council, or the body vested with the national legislative authority. The Annual Report shall further assess the overall adequacy and effectiveness of government measures taken to ensure efficiency and transparency in the use and disbursement of public funds in Iraq, and include any legislative or other proposals determined by the Board to be necessary to the fulfillment of its duties as a supreme audit institution.

Third: The Board shall publish and widely disseminate the final results of its work product, including all audits and performance evaluations, plans and reports. At least quarterly, the Board shall publish a list of its recent audit reports and distribute the list as widely as possible, using the Internet if available. All reports shall be made available to the press and any interested person upon written request. This Section does not apply to information classified for national security purposes by authorized agencies.

Fourth: The Board shall establish procedures for preparing and submitting to the body vested with national legislative authority the Annual Plan and the Annual Report within 90 days of the end of each fiscal year."

6) Article 7 of the Board of Supreme Audit Law is amended to add at the end the following paragraphs: "Fourth: When records necessary to conducting a Board audit or performance evaluation are not made available to the Board within a reasonable time, the Board shall make a written request to the Inspector General of the ministry under review. The request shall state the authority for inspecting the records and the reason for the inspection. The relevant ministry has 20 days to make the records available to the Board or describe the basis on which the records are being withheld. If the Board is not satisfied that reasonable ground exist for withholding the records, the Board may refer the matter to the Commission on Public Integrity for further investigation and, if necessary, enforcement of relevant disclosure obligations.

Fifth: The Board shall have the authority to audit classified programs and issue classified reports, so long as the auditors have the proper security clearance and protect the classified information pursuant to all applicable laws and regulations."

7) Article 8 of the Board of Supreme Audit Law is suspended.

8) Article 9 of the Board of Supreme Audit Law is amended to read as follows: "The Board shall have authority to perform financial evaluations of public contracts and to ensure that government grants, loans, facilities and privileges are employed for the purposes for which they were offered or loaned."

9) Article 10 of the Board of Supreme Audit Law is amended to read as follows:
"First: Upon discovering a financial infringement, or reasonable suspicion of a financial infringement, or other financial irregularity, the Board shall instruct the Inspector General of the relevant ministry to investigate and correct the infringement or irregularity. The Board shall immediately notify the Commission on Public Integrity whenever a matter is referred to an Inspector General pursuant to this Section.

Second: If a disagreement occurs between the Board and a ministry or other government entity, and the Board determines that referral to the ministry or other government entity would be futile, the Board may refer a matter directly to the Commission on Public Integrity for further investigation or enforcement of relevant laws and regulations."

10)Article 11, paragraph First, subparagraph c, of the Law is amended to read as follows: "d- Violations of the Code for State Employees and Social Sector Discipline or other regulations promulgated by the Commission on Public Integrity."

11) Article 12 of the Board of Supreme Audit Law is suspended.

12) Article 13 of the Board of Supreme Audit Law is suspended.

13) Article 15 of the Board of Supreme Audit Law is suspended.

14) Article 17 of the Board of Supreme Audit Law is amended to read as follows: "When necessary, the Board's President may and in the manner that he decides, enlist outside experts to assist the Board. Such experts shall be compensated in a manner to be determined by the Board, so long as such compensation is consistent with law and fully disclosed in the Annual Report.

15) Article 19 of the Board of Supreme Audit Law is suspended.

16) Article 22, Second, of the Supreme Board of Audit Law is suspended.

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

4/25/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 78

FACILITATION OF COURT-SUPERVISED DEBT RESOLUTION PROCEDURES

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system as necessary to improve the condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that companies, lenders and entrepreneurs require a fair, efficient, and predictable mechanism for resolving burdensome indebtedness when incurred by businesses,

Noting that several provisions within Iraqi legislation call for unduly harsh punishments for financially distressed entrepreneurs,

Further noting that resolving the indebtedness of large corporations through in-court procedures is a challenging task requiring training and experience,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the Iraqi people and to enable the social and economic functions and normal transactions of every day life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of U.N. Security Council Resolution 1483,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1
Definitions

1) "Bankruptcy Law" means Part V of Law No. 149 of 1970 on the Code of Commerce, as amended.

2) "Penal Code" means the Law No. 111 of 1969 on the Penal Code, as amended.

3) "Enforcement Law" means Law No. 45 of 1980 on Enforcement of Judgments (Law on Execution).

4) "Civil Code" means Law No. 40 of 1953 on the Civil Law.

5) Gender specific language in this Order shall apply equally to male and female, and where appropriate, to entities (juridical persons) and things.

Section 2
Designation of Judges to Hear Petitions for Bankruptcy and Schemes of Arrangement

1) One or more first instance court judges in each governate shall be designated to hear cases arising from petitions for bankruptcy or a scheme of arrangement.

2) A judge described in paragraph 1 of this Section shall also hear petitions for relief filed by foreign companies with a head branch office in his designated region.

3) The Council of Judges shall designate the judges described in paragraph 1 of this Section within 45 days from the date this Order enters into force. Such judges shall have demonstrated a high level of expertise and/or potential ability with respect to disputes concerning companies, entrepreneurs, and banks.

4) The designated judges shall hear petitions for bankruptcy or a scheme of arrangement as a portion of their regular caseloads.

Section 3
Licensing of Bankruptcy Trustees

1) The Ministry of Justice ("Ministry") shall be authorized to license individuals to serve as bankruptcy trustees under the Bankruptcy Law. The Ministry shall issue licensing procedures to govern this activity.

2) The Ministry's licensing procedures shall ensure that license holders have a clear understanding of the procedures under the bankruptcy law as well as particular expertise in at least one of the following areas:

 (a) commercial law and civil procedures;

 (b) accounting and business finance;

 (c) business management.

 The procedures shall further ensure that license holders have a general knowledge in the areas described item (a) through (c) where they lack particular expertise.

3) The Ministry shall ensure that license holders perform their duties in conformity with the Bankruptcy Law and its goals. A license holder failing to perform his duties may be subject to fine, or suspension or cancellation of his license in accordance with procedures to be established by the Ministry.

4) The Ministry shall establish and promote a licensing program sufficient to provide bankruptcy judges and creditors a reasonable number of choices of qualified candidates to serve as bankruptcy trustees by no later six months after the date this Order enters into force.

Section 4
Amendments to the Bankruptcy Law

1) A new, unnumbered heading entitled "Preliminary Provisions" shall be added to the Bankruptcy Law ("Law") prior to Chapter One.

2) Four new articles shall be added to the Law under Preliminary Provisions and prior to Chapter One. The articles shall read as follows:

Article 562. In this Part of the Commercial Code, the terms below shall be defined as follows:

(1) A "general privileged creditor" is a creditor that has a preference in payment to the debtor's property that is not subject to a mortgage or special privilege. The general privileged creditors include those described in sub-paragraphs (a) - (c) of paragraph 2 of Article 708.

(2) An "ordinary creditor" is a creditor whose claim is neither secured by mortgage nor otherwise privileged.

(3) The "body of creditors" consists of the general privileged and ordinary creditors.

(4) The "state of union of creditors" is the stage of the bankruptcy proceedings where the property of the bankrupt is disposed of, with the proceeds used to repay the creditors to the extent possible.

Article 563. The purpose of this Part of the Commercial Code is to establish judicial proceedings by which a trader and his creditors may resolve the trader's indebtedness in a collective, transparent, and realistic manner, when the trader no longer can pay debts when they come due. Such resolution may result in a judicially approved agreement between the trader and his creditors or may result in the sale of the trader's property for the repayment of the trader's debts. In either case, the proceedings shall respect the pre-existing contractual and property rights of the trader's creditors to the extent possible.

Article 564. A trader holding a permit or license to engage in banking business and other banking activities may not be subject as a debtor to the proceedings described in this Part.

Article 565. During the proceedings established in this Part, Articles 1361-1380 of the Civil Code shall apply to the extent they do not conflict with the provisions contained herein.

3) Article 569 (chapeau paragraph) is amended to read as follows:

(1) A trader must present a bankruptcy petition against himself within fifteen days of the date of suspension of payments. This period may be extended up to an additional forty-five days if

the trader has informed substantially all his creditors of his financial difficulties and is attempting in good faith to renegotiate the terms of his obligations. The bankruptcy petition shall be in the form of a report, giving the grounds for the suspension of payments, and must be presented to the court with the following documents:

4) Article 570, paragraph 1 of the Law is amended to read as follows: "A creditor or group of creditors with undisputed commercial debts worth more than five hundred thousand dinars, the scheduled payments for which have been missed for more than thirty days, may present a bankruptcy petition against the debtor.

5) Article 570 of the Law is supplemented with paragraphs 3, 4 and 5, which shall read as follows:

(3) Five or more employees of a trader with undisputed claims for wage arrears exceeding one month may jointly present a bankruptcy petition against the debtor.

(4) The government body or bodies authorized to enforce obligations to pay taxes and other mandatory payments to the state treasury may present a bankruptcy petition against the debtor. The bases for presentment shall be the same as those for bringing a forced execution of obligations for payment of taxes and other mandatory payments to the state under applicable law.

(5) A debt described in this Article shall be presumed to be undisputed if it is reflected in a judgment or an executive document.

6) Article 571 of the Law is suspended.

7) Article 573 of the Law is amended to read as follows:

"(1) The court of first instance designated to hear cases arising from petitions for bankruptcy or schemes of arrangement in the governate or subsection thereof wherein lies the head office of the debtor shall have jurisdiction to adjudicate his bankruptcy.

(2) A trader that is under bankruptcy proceedings in a foreign state and that has a branch in Iraq may seek the following relief in the court designated to hear bankruptcy petitions:

(a) an order suspending all individual suits brought against the trader in any court in Iraq by ordinary creditors or those having general privileged rights;

(b) an order prohibiting the seizure of assets of the trader wherever located in Iraq unless such assets are subject to a mortgage or privileged right under Iraqi law;

(c) an order requiring third parties holding the trader's property to surrender such property to the representative of the trader;

(d) an order providing other necessary relief.

(3) In determining whether to grant the relief described in the preceding paragraph, the court shall consider:

(a) the protection of creditors in Iraq and the inconvenience in pursuing their claims in a foreign proceeding;

(b) the just treatment of all creditors through resort to a unified bankruptcy proceeding;

(c) whether other jurisdictions have given recognition to the foreign proceeding;

(d) the extent that the foreign proceeding recognizes the rights of creditors and other interested parties in a manner substantially in accordance with the bankruptcy proceedings in Iraq;

(e) the extent that the foreign proceeding has recognized and shown deference to Iraqi bankruptcy proceedings."

8) Article 574, paragraph 2 of the Law is suspended.

9) Article 576 of the Law is amended to read as follows: "The judge who adjudicates the bankruptcy shall be the judge in charge of the bankruptcy (Judge Commissaire); the court of appeal may at anytime order his replacement by another judge designated to hear bankruptcy cases if it determines that such replacement will serve the general interests of the creditors and the debtor."

10) Article 578 of the Law is supplemented with a new paragraph 2, which shall read as follows: "The date of payment suspension will be the date on which the debtor could no longer make payments on his debts as they fell

due regardless of whether he paid such debts in part." Paragraph 2 of Article 578 shall be renumbered as paragraph 3.

11) Article 580, paragraph 2 of the Law is amended to read as follows: "On the day following the adjudication, the court shall cause the applicable order to be posted on the Bulletin Board of the court for thirty days. Within five days from the adjudication date, the trustee in bankruptcy shall submit copies thereof to every court within the jurisdiction of which lies a head office, branch, agency or office of the debtor for having the same posted on the Bulletin Board of such court for thirty days."

12) Article 585, paragraph 1 of the Law is amended as follows: "twenty" is replaced with "one hundred thousand" and "two hundred" is replaced with "one million."

13) Article 586 of the Law is amended to read as follows:

> (1) The court may in the bankruptcy adjudication appoint a paid agent to manage the bankruptcy, who shall be called the "bankruptcy trustee."
>
> (2) The court shall choose the bankruptcy trustee from a roster of individuals licensed by the Ministry of Justice to perform such duties. Where the number of licensed bankruptcy trustees in the court's jurisdiction willing to serve is less than three, the court may designate a lawyer to serve as the bankruptcy trustee, even if such lawyer lacks a bankruptcy trustee's license.

14) Article 587, paragraph 1 of the Law is amended to read as follows: "A person may not be appointed as a bankruptcy trustee if he is a creditor, debtor, or competitor of the bankrupt, the spouse of the bankrupt, or has a relation to the bankrupt of the fourth degree or closer. He may not be appointed if he has been a partner, employee, accountant, or agent (attorney) of the bankrupt during the two years preceding the declaration of bankruptcy.

15) Article 587 is supplemented with articles 3 and 4, which shall read as follows:

> (3) A bankruptcy trustee shall immediately disclose to the Judge Commissaire and the controller (auditor) any of the circumstances in paragraphs 1 or 2, should they arise during the course of the proceedings.

(4) The Judge Commissaire shall dismiss the bankruptcy trustee unless the latter can demonstrate that the circumstances will not undermine his ability to serve the best interests of the creditors and the confidence that the creditors have in him.

16) Article 589 of the Law is amended to read as follows:

(1) The bankruptcy trustee may delegate the performance of tasks to others where such delegation is likely to more efficiently and effectively safeguard the assets of the bankrupt, benefit the creditors, or otherwise facilitate the progress of the bankruptcy proceedings.

(2) The bankruptcy trustee shall be jointly liable with his deputies for the latter's actions.

(3) No delegation may occur without the prior approval of the Judge Commissaire, save for instances in which actions by deputies are necessary to safeguard the assets of the bankrupt or otherwise protect the interests of the creditors. In such cases the bankruptcy trustee shall apply for post-delegation approval as soon as reasonably possible, explaining in his application the basis for the delegation.

17) Article 591 of the Law is amended to read as follows: "The bankruptcy judge may of his own accord, or upon application being made by the bankrupt or the controller, decide to dismiss the trustee; the Judge Commissaire shall give a ruling in regard to such application within ten days of its submission, which is subject to appeal."

18) Article 593, paragraph 2 of the Law is amended to read as follows: "The Judge Commissaire shall summon the creditors to a meeting in the cases stipulated in the law and shall chair such meetings or delegate such duties to the bankruptcy trustee."

19) Article 594 of the Law is supplemented with a paragraph 3, which shall read as follows: "The Judge Commissaire may name the bankruptcy trustee as the official agent to receive service of decisions and summonses on behalf of interested parties or a group thereof if such appointment would expedite proceedings and facilitate distribution of information. In such cases, the bankruptcy trustee shall subsequently serve notices on interested parties in accordance with procedures approved by the Council of Judges."

20) Article 595, paragraphs 2 and 3 of the Law are amended as follows: In paragraph 2, "three" is replaced with "ten". In paragraph 3, "ten" is replaced with "twenty".

21) Article 596, paragraph 1 of the Law is amended to read as follows: "The Judge Commissaire shall appoint a controller from among the creditors who nominate themselves for the post, or, with consent of a majority of the seven largest creditors from the private sector, shall appoint an independent auditor chosen by such group. In the latter case, the independent auditor shall serve as a controller but shall be compensated in accordance with procedures for compensating the bankruptcy trustee. He shall also be subject to the restrictions in Article 587.

22) Article 599, paragraph 1 of the Law is amended to read as follows: "The controller shall not receive fees in consideration of his work, except in cases provided for in Article 596."

23) Article 602, paragraphs 1 and 2 of the Law are amended to read as follows:

> (1) A person who is adjudicated bankrupt shall disclose such information upon request, and, regardless of request, shall disclose such information to any person relying on the bankrupt's integrity and competence.
>
> (2) An adjudication of bankruptcy may be the basis for a justified termination of any arrangement in which the bankrupt's integrity and competence is relied upon by the counterparty.

24) Article 604 of the Law is amended to read as follows: "Having been adjudicated bankrupt, a bankrupt may not pay or receive debts owing to him. Negotiable instruments reflecting an obligation of the bankrupt shall be deemed opposed."

25) Article 614 of the Law is amended to read as follows: "All acts of disposal by the bankrupt occurring 90 days prior to suspending payments other than those set down and within the time limits stipulated in the preceding Article shall be adjudged ineffectual against the body of creditors and shall result in the return of the asset for the benefit of the creditors, if the act of disposal is detrimental to their interests and the counterparty in the disposal was aware at the time of the disposal that the bankrupt had suspended payments."

26) Article 622 of the Law is amended to read as follows: "The adjudication of bankruptcy bars the running of interest on ordinary debts and debts that are

subject to a general privilege in regard to the body of creditors only; interest on secured debts may only be claimed on amounts resulting from the sale of the mortgaged or charged property; the principal amount of the debt is collected in the first place, then the interest which accrues prior to the bankruptcy adjudication, and then interest which accrues thereafter.

27) The title of Section III of Chapter III is amended to read as follows: "Creditors whose Debts are Secured by a Mortgage or Special Privileged Right over Movable Property and Creditors with General Privileged Rights".

28) Article 631, paragraph 1 of the Law is amended to read as follows: "After seeking the leave of the Judge Commissaire, the trustee may within the ten days following the adjudication of bankruptcy pay out of the funds available to him, and notwithstanding the existence of any other debt, the wages and salaries accruing to the workers and employees before the adjudication of bankruptcy for thirty days; where the trustee does not have at his disposal sufficient funds to pay the foregoing debts, payment thereof must be made from funds of the bankrupt or the first lot of funds coming to the bankruptcy that have resulted from the sale of property not subject to mortgage or special privilege, or from excess proceeds from the sale of such property, even though there are other debts having a priority of order."

29) Article 633 of the Law is amended to read as follows: "The general privileged right accorded to the Government on grounds of various kinds of taxes shall cover only the principal portion of the debt of the tax due from the bankrupt for the two years which preceded the adjudication of bankruptcy; other taxes due shall be considered ordinary debts."

30) Article 634 of the Law is amended to read as follows: "Where a distribution of the properties to which the right of the body of creditors relate is to occur prior to the sale of movable property secured by mortgage or special privilege, such creditors may participate in such distributions as ordinary creditors to the extent they have abandoned their claim to such security. Mortgagees or creditors having priorities who have not received all or part of their debts from the price of the movable property may participate in regard to the balance remaining for them with the ordinary creditors in the distribution of the properties to which the right of the body of creditors relate, provided their debts have been proved."

31) An article, to be enumerated as Article 637-A and to be inserted after Article 637 shall read as follows: "The bankruptcy trustee may, at any time after obtaining leave from the Judge Commissaire, pay the debt secured by

a mortgage and or special privilege on immovable property and recover it for the account of the body of creditors."

32) Article 646 of the Law is amended to read as follows:

> (1) Where a purchaser is adjudged bankrupt before he pays the price of goods which have entered into his possession or that of his agent, the vendor may not claim rescission of the sale nor the recovery of the goods and he loses his right of priority, except as provided in paragraph 2 of this Article.
>
> (2) A stipulation enabling the vendor to recover or retain his right of priority over the goods may not be adduced against the body of creditors, unless there is a stipulation which retains ownership of the property in the seller, which has been registered according to the applicable law.
>
> (3) A vendor who has made the stipulation in paragraph (2) and has registered it according to the applicable law shall have the same rights over the goods that a mortgagee has over the mortgaged property.

33) Article 661, paragraph 2 of the Law is amended as follows: "five hundred" is replaced with "two million, five hundred thousand".

34) Article 666 paragraph 1 of the Law shall have appended to it the following sentence: "If the bankruptcy trustee is effecting service in accordance with paragraph 3 of Article 594, the statement shall also include the preferred method by which the creditor shall receive notices with regard to the proceedings."

35) Article 667 of the Law is amended as follows: In paragraph 1, "ten" is replaced with "thirty". In paragraph 2, "ten" is replaced with "thirty" and "twenty" is replaced with "sixty".

36) Article 668, paragraph 3 of the Law is suspended.

37) Article 669, paragraph 2 of the Law is amended as follows: "sixty" is replaced with "one-hundred".

38) Article 670 of the Law is amended as follows: "ten" is replaced with "thirty".

39) Article 678, paragraph 1 of the Law is amended to read as follows: "The debtor, or creditors representing 25% of the amount of the ordinary debt, may request that a composition offer be considered. The right to submit such request shall expire on the tenth day after the filing of the list of debts prepared in accordance with Article 671. In such cases, the Judge Commissaire shall summon the creditors whose debts have been accepted finally or provisionally to be present at the deliberations of the composition.

40) Article 678, paragraph 3 of the Law is amended to read as follows: "The bankruptcy trustee shall within the time limit stipulated in the preceding paragraph have the notice to the meeting to be present at the composition deliberations published in one or more daily newspapers determined by the Judge Commissaire."

41) Article 679, paragraph 1 of the Law is amended to read as follows: "The composition meeting shall be held at the place and time determined by the Judge Commissaire who shall preside over the meeting. Such meeting shall occur within thirty to forty-five days after the last newspaper publication of the notice stipulated in Article 678.

42) Article 681 of the law is amended to read as follows: "The composition shall not be concluded except with the consent of a majority of the creditors with the right to vote whose debts have been accepted finally or provisionally provided they hold two thirds of such debts; creditors who did not participate in the voting shall not be counted for the purposes of the foregoing two majorities and their debts shall not be considered ."

43) Article 682, paragraph 2 of the Law is suspended.

44) Article 683 of the Law is amended to read as follows:

> (1) Creditors holding a mortgage or special privilege over particular property of the bankrupt or having the status of a general privileged creditor may not take part in the voting on composition for their debts secured or privileged as aforesaid unless they abandon such securities or privileges in advance; the abandonment may be confined to part of the security or privilege; the abandonment shall be mentioned in the minutes of the meeting.
>
> (2) Any one of the creditors mentioned in the preceding paragraph who takes part in the voting on the composition but fails to declare abandonment of all or part of his security or

privilege shall be deemed to have abandoned the entire security or privilege.

(3) In all cases, the abandonment shall be final regardless of whether the composition is concluded.

(4) The security or privilege covered by the abandonment shall regain its validity if the composition is annulled.

45) Article 684, paragraph 2 of the Law shall be amended to read as follows: "Where the consent stipulated in Article 681 is not attained, the deliberations shall be adjourned for ten days, after which no adjournment shall be made."

46) Article 687 of the Law is supplemented with new paragraphs 4 and 5, which shall read as follows:

"(4) A composition shall provide for equal treatment of ordinary creditors. An ordinary creditor may nevertheless agree to less favorable treatment under the composition.

(5) A composition shall not be concluded unless all of the arrears on obligations corresponding to claims secured by mortgage or that are otherwise privileged are paid, unless individual creditors with such claims agree to less favorable treatment."

47) Article 689 of the Law is amended to read as follows:

"(1) A composition shall be valid in regard to the ordinary creditors even when they have not participated in the proceedings or did not approve the composition.

(2) A composition shall have no effect with respect to claims secured with a mortgage or that are otherwise privileged, except where the creditors with such claims agree on an individual basis to be subject to the composition."

48) Article 691, paragraph 1 of the Law is amended to read as follows: "All the effects of bankruptcy shall cease by the issue of the order of the Judge Commissaire approving the composition, except for the consequences mentioned in Article 602."

49) Article 699 of the Law is supplemented with new paragraphs 4 and 5, which shall read as follows:

> "(4) So long as general privileged creditors are paid in full, such composition may stipulate the full forgiveness of debts in exchange for the abandonment of the debtor's property.
>
> (5) When the debtor is a limited liability company or joint stock company, the composition may allow for the cancellation of all outstanding shares of the debtor and the issuance of new shares. In lieu of selling the debtor's property, such shares may be sold with the price thereof distributed to the creditors."

50) Article 701, sub-paragraph (a) of the Law is amended to read as follows: "if the debtor fails to apply for a composition within the time limits established in Article 678;".

51) Article 705 of the Law is supplemented with a new paragraph 1, which shall read as follows:

> "(1) The property of the debtor available for the benefit of the body of creditors shall include:
>
> (a) property not subject to mortgage or special privilege;
>
> (b) property not subject to recovery under Articles 641-646;
>
> (c) property not exempted from execution;
>
> (d) the excess proceeds described in Articles 630 and 635."

The remaining paragraphs in Article 702 are renumbered accordingly.

52) Article 708 of the Law is amended to read as follows:

> "(1) The fees, expenses of the administration of the bankruptcy, the aids determined for the bankrupt and his dependents and sums due to creditors enjoying priorities shall be deducted from the proceeds of the sale of the bankrupt's property and the balance distributed to the creditors in accordance with this Article.

(2) The balance described in the preceding paragraph shall be distributed among the body of creditors according to the following order:

(a) the claims described in paragraph 1 of Article 1372 of the Civil Code;

(b) claims for unpaid taxes, duties, and other obligatory payments to the government that arose within the two year period prior to the adjudication of bankruptcy and during its administration;

(c) all claims not having a general privilege, and claims of creditors who have fully or partially abandoned secured or privileged claims.

(3) No category of creditor in the preceding paragraph shall receive distributions until the prior category has been paid in full. Where a distribution is not sufficient to pay a category of creditors in full, creditors in such category shall be paid in proportion to the amount of their claims.

(4) The dividends of the contested debts shall be set aside and kept until a decision is made in regard to said debts."

53) Article 714 of the Law (chapeau paragraph) is amended as follows: "one thousand" is replaced with "five million".

54) Article 717, paragraph 2 of the Law is amended to read as follows: "The report provided for in Article 569 shall be submitted to the court designated to hear bankruptcy cases within the jurisdiction of which lies the head office of the company."

55) Article 719 of the Law is suspended.

56) Article 722, paragraph 1 of the Law is amended to read as follows: "The Judge Commissaire may of his own initiative or pursuant to an application by the trustee, controller or a creditor order that the consequences stipulated in Article 602 be suffered by directors or managers of a company who would have committed gross faults which led to the disruption of the business or the suspension of payments of the company."

57) Article 730 of the Law is amended to read as follows: "Except for the case of fraudulent bankruptcy, the consequences described in Article 602 shall cease to have legal effect after the lapse of one year from the date on which the bankruptcy terminated (was concluded)."

58) Article 743, paragraphs 1 and 3 of the Law are amended to read as follows:

> "(1) A trader may present an application for a scheme of arrangement if his financial operations suffered a disruption which may result in a suspension of payments.
>
> ***
>
> (3) A scheme of arrangement may be granted to a company which satisfies the terms laid down in the preceding two paragraphs; nevertheless a scheme of arrangement may not be granted to a company in liquidation."

59) Article 744, paragraph 1 of the Law is amended as follows: "two years" is replaced with "one year".

60) Article 749, paragraph 1, sub-paragraph (c) of the Law is amended by replacing "the two years" with "the year".

61) Article 753 of the Law is amended as follows: "twenty" is replaced with "one hundred thousand" and "two hundred" is replaced with "one million".

62) Article 754, paragraph 1 of the Law is amended to read as follows: "Where the court decides to accept the petition for a scheme of arrangement, it shall order the opening of proceedings, establish a preliminary date of the suspension of payments, and appoint in the order a trustee to carry on and follow up the proceedings of the scheme."

63) Article 760 of the Law is supplemented with the following paragraphs 3 and 4:

> "(3) The stay of proceedings of execution with respect to claims secured by mortgage or special privilege shall expire as a matter of law either as of the date the order approving the scheme of arrangement or 120 days from the date of the order opening the proceedings, which ever comes first.
>
> (4) A creditor described in paragraph 3 of this Article shall be entitled to a level of security equal to the extent to which his claim was secured as of the date of the order opening the proceedings. The judge in charge shall have the authority and duty to take all steps necessary to ensure the level of security is maintained for such a creditor."

64) Article 761 of the Law is amended to read as follows:

> "(1) The making of the order of opening the proceedings of the scheme shall not cause the debts owing by the debtor to mature nor shall it stop the running of interest thereon; any stipulation to the contrary shall be void.
>
> (2) The effects on the debtor's contracts stipulated in paragraphs 2 and 3 of Article 638 and paragraphs 2, 3, and 4 of Article 639 shall apply to proceedings for a scheme of arrangement.
>
> (3) The debtor may continue to retain possession of property of others so long as he is performing the obligations on which his right of possession is based. Any stipulation otherwise is null and void.
>
> (4) The trustee may initiate suits resulting from the application of the provisions of Articles 613, 614, 615, 616 and 618."

65) Article 763, paragraphs 1 and 2 of the Law are amended as follows: In paragraph 1, "ten" is replaced with "thirty". In paragraph 2, "twenty" is replaced with "sixty".

66) Article 765, paragraph 1 of the Law is amended as follows: "thirty" is replaced with "seventy".

67) Article 774, paragraph 1 of the Law is amended to read as follows: "The scheme shall not be concluded except with the consent of the creditors who hold more than half of the ordinary debts which have been accepted finally or provisionally."

68) Article 776, paragraph 2 of the Law is amended to read as follows: "Where the consent stipulated in Article 774(1) is not attained, the stipulations of Article 684 shall be applied."

69) Article 776 shall be supplemented with a paragraph 3, which shall read as follows: "A proposal for a scheme of arrangement that is not approved in the second meeting shall be deemed rejected. Creditors shall be free to pursue their claims, pending any judgment of bankruptcy against the debtor."

70) Article 778 of the Law is supplemented with paragraphs 4 and 5, which shall read as follows:

> "(4) A scheme of arrangement shall provide for equal treatment of ordinary creditors. An ordinary creditor may nevertheless agree to less favorable treatment under the scheme of arrangement.
>
> (5) A scheme of arrangement shall not be concluded unless all of the arrears on obligations corresponding to claims secured by mortgage or that are otherwise privileged are paid, unless individual creditors with such claims agree to less favorable treatment."

71) Article 780, paragraph 1 of the Law is amended to read as follows: "A scheme of arrangement shall be valid in regard to the ordinary creditors even when they have not participated in the proceedings or did not approve the scheme of arrangement. It shall have no effect, however, with respect to claims secured with mortgage or that are otherwise privileged, except where the creditors with such claims agree on an individual basis to be subject to the scheme of arrangement."

Section 5
Amendments to the Penal Code

1) Article 470 of the Penal Code (chapeau paragraph) is amended as follows: "100 dinars" is replaced with "500,000 dinars."

2) Article 470, paragraph 4 of the Penal Code is amended to read as follows: "If he fails to make application to the bankruptcy trustee or the judge in charge of the proceedings in person when required to do so without a reasonable excuse or if he fails to provide statements required by such persons or if such statements are false."

3) Article 470 of the Penal Code is supplemented by a paragraph (6), which reads as follows: "If, after adjudication of bankruptcy, he fails to disclose such fact to persons when required to do so by law."

4) Article 474 of the Penal Code (chapeau paragraph) is amended as follows: "200 dinars" is replaced with "1,000,000 dinars."

Section 6
Amendments to the Enforcement Law

Article 108, paragraph 2 of the Enforcement Law is suspended.

Section 7
Amendments to the Civil Code

Article 1370, paragraph 2 of the Civil Code is suspended.

Section 8
Clarifying and Implementing Instructions

1) The Council of Judges is authorized to issue instructions to judges that implement, clarify, and/or supplement procedures and practices under the Bankruptcy Law. Unless stated otherwise and where applicable, such instructions shall be binding upon judges, bankruptcy trustees, their deputies, controllers, and parties to the bankruptcy proceeding.

2) Where such instructions conflict with the Bankruptcy Law, the latter shall govern. Where the Bankruptcy Law conflicts with Law No. 83 of 1969 on Civil Actions, the former shall govern.

Section 9
Entry into Force

Section 4 of this Order shall enter into force on the sixtieth day after the date of signature. All other sections shall enter into force on the date of signature.

4/20/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 79

THE IRAQI NONPROLIFERATION PROGRAMS FOUNDATION

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant United Nations Security Council resolutions, including Resolutions 1483 (2003), 1511 (2003), and 1546 (2004);

Furthering paragraph 1 of Resolution 1483, appealing to member states and concerned organizations to assist the people of Iraq in their efforts to reform their institutions and rebuild their country, and to contribute to conditions of stability and security in Iraq,

Further noting the provisions of the preamble and subsection 27(E) of the Law of Administration for the State of Iraq for the Transitional Period calling on the government to respect and implement Iraq's international obligations regarding the non-proliferation, non-development, non-production, and non-use of nuclear, chemical, and biological weapons, and associated equipment, materiel, technologies, and delivery systems for use in the development, manufacture, production, and use of such weapons,

Recognizing that United Nations Security Council Resolution 1540 (2004) affirms that proliferation of nuclear, chemical, and biological weapons and their means of delivery constitutes a threat to international peace and security and requires that all States take effective measures to prevent the proliferation of such weapons, including by establishing appropriate controls over materials, equipment and technology which could be used for the design, development, production or use of such weapons,

Reaffirming the need to prevent the proliferation of technologies and expertise related to weapons of mass destruction (WMD)—nuclear, chemical, and biological weapons—their delivery systems, and other advanced military technologies,

Determining to establish a national foundation to support and assist former WMD scientists, technicians, engineers, and technical personnel involved in the design of delivery systems for WMD in Iraq to transition into activities for peaceful civilian purposes so as to minimize the risk of WMD and delivery system proliferation,

Realizing that the success of this foundation will require strong support from the Iraqi government, other foundations, academic and scientific institutions, inter-governmental, and non-governmental organizations,

I hereby promulgate the following:

Section 1
Establishment and Purpose

1) The Iraqi Non-proliferation Programs Foundation (hereinafter "the INPF") is hereby established. The INPF shall be a not-for-profit, tax-exempt, juridical entity with full legal personality and shall be independent of any Iraqi Ministry.

2) The INPF shall have authority to develop, approve, and finance science, technology, and commercialization projects and related activities carried out at institutions and facilities, public and private, located principally but not solely in Iraq in order to provide individuals employed by the former regime in the development, creation, or production of WMD, particularly those who possess knowledge and skills related to nuclear, chemical, and biological weapons, or delivery systems (collectively "WMD and delivery system personnel"), opportunities to redirect their expertise to transparent peaceful civilian activities that further the scientific, technological, nonproliferation, and economic development of Iraq. In accordance with Section 6(2), the INPF shall also have the authority to audit and monitor any and all projects that it sponsors.

3) After transfer of full governance authority to the Iraqis on June 30, 2004, all responsibilities herein ascribed to the Administrator of the CPA shall be assumed by the head of the Iraqi government.

4) The INPF shall operate under its Statute ("INPF Statute"). The INPF Statute shall include all elements needed to organize, manage, and maintain the INPF, including provisions which specify: general principles of operation, terms of reference of the Scientific Advisory Committee, description of financial management, contracting, grant-making, and acquisition practices, project oversight guidelines, and audit requirements. The INPF Statute is annexed hereto but may be amended by the Board of Directors in accordance with the procedures set forth in Section 2, paragraph 3.

5) The Administrator shall have the right to audit the INPF's activities and the INPF shall submit to the Administrator an annual report on its activities that will include a statement of accounts.

Section 2
Board of Directors, Executive Officer, and Management of Staff

1) The Ministers of Science and Technology, Higher Education and Scientific Research, Agriculture, Industry and Minerals, Health, and Environment, and the President of Iraqi National Academy of Science shall constitute the founding Board of Directors for the INPF. Board members (whether founding or otherwise) may be represented by designees (who shall have all the rights, privileges, and powers of a Board member) provided that the designee has experience in both management and technology. The Board of Directors shall be responsible for:

 a. Determining the INPF's policy and its own rules of procedure;
 b. Providing overall guidance and direction to the INPF staff;
 c. Approving the INPF's budget for submission to funding authorities;
 d. Governing the financial and other affairs of the INPF;
 e. Approving general criteria and priorities proposed by the Scientific Advisory Council for the approval of projects;
 f. Funding projects recommended by the Scientific Advisory Council;
 g. Amending the INPF Statute and other implementing documents as necessary; and
 h. Other functions necessary for the implementation of this Order.

2) Each Director will a serve two-year term. The terms of the founding Board members will be staggered, so that initially the Ministers of Agriculture, Industry and Minerals, and Health will be appointed to one-year terms and the remaining Directors will be appointed to two-year terms. When a founding Board member's term expires, his or her successor shall be appointed by the head of the Iraqi government after consultation with Iraqi ministries, civil society, and, as appropriate, relevant international experts.

3) Decisions of the Board shall be by simple majority of all the members of the Board for procedural decisions. Full consensus of the Board is required to amend the INPF Statute and in other special cases as defined in the INPF Statute.

4) The Board of Directors will select a Chairman and Vice Chairman from among its members.

5) In the event of a vacancy on the founding Board of Directors, the Administrator will appoint a new director, as appropriate, in accordance with Section 2(1) of this Order. In all other circumstances, the Administrator shall fill a vacancy on the Board by appointing a new director, as appropriate, in accordance with Section 2(2) of this Order.

6) The Board of Directors shall appoint an Executive Officer who will report directly to the Board of Directors. The Executive Officer will lead the daily operation of the INPF. The Executive Officer will serve a three-year term, which may be renewed once.

7) The Executive Officer will organize the INPF's personnel in a way that he/she deems necessary and appropriate to carry out the functions of the INPF. The Board of Directors will approve the organization plan of the INPF.

8) The Board of Directors may remove a director or the Executive Officer for malfeasance, misuse of public funds, failure to fulfill INPF duties or because of permanent incapacitation.

9) The INPF shall consult with relevant Iraqi governmental ministries not already represented on the founding Board of Directors, including, but not limited to Oil, Interior, Communications, Foreign Affairs, and Electricity to ensure that proposed projects are not duplicative and that they support Iraq's reconstruction efforts.

Section 3
Scientific Advisory Council

1) The Board of Directors shall establish a Scientific Advisory Council ("SAC"), made up of 16 members at least half of whom will have WMD or delivery system backgrounds. The SAC shall have a balanced membership that reflects the diversity of Iraq.

2) The SAC shall be composed of qualified Iraqi scientists, technicians, engineers, or managers from a range of disciplines. They will provide the INPF with expert scientific and other necessary professional advice in furtherance of the INPF's goals, including the review of grants, proposals and other funding initiatives of the INPF.

3) The terms of reference and method and duration of appointment will be specified in the INPF Statute.

Section 4
Budget, Funding, and Taxes

1) Within 7 days of the Administrator's approval of this Order, $37.5 million ("Initial Funding") shall be transferred from the Development Fund for Iraq to the INPF. The Initial Funding shall be used to effectuate the responsibilities given to the INPF under Section 6 of this Order. In addition, such funding shall also be used to finance the operating and programmatic expenses of the INPF for its first two years of operation

2) Following transfer of full governance authority, resources for staffing and staff training, headquarters and equipment acquisition and maintenance, and operational costs necessary for the INPF to discharge its responsibilities (including all duties set forth in Section 6) shall be provided through the national fiscal process and reviewed annually.

3) In financial transactions, the INPF shall not pay in the Republic of Iraq taxes of any kind, including profit tax, value added tax, personal income tax, local taxes as well as any other tariffs, dues, custom duties, import taxes, fees, or any other similar imposed taxes or charges.

Section 5
Salary and Employment Conditions

1) The Executive Officer shall have the power to hire, employ and discharge personnel in accordance with Iraqi law, as amended by CPA Orders, Regulations, and Memoranda. CPA Order Number 1, De-Ba'athification of Iraqi Society (CPA/ORD/16 May 2003/1)), shall not apply to WMD or delivery system personnel hired by the INPF and shall not be construed to prohibit WMD or delivery system personnel from participating in any of the programs set forth in Section 6 of this Order.

2) Salaries of INPF staff shall conform to the salary structure applicable to Iraqi government employees.

Section 6
Authority and Functions

1) The INPF is empowered to:

 a) issue grants and contracts to individuals, foundations, universities, consortia, and other organizations to employ former Iraqi WMD and

delivery system scientists, technicians and engineers to undertake peaceful, civilian activities;

b) establish training programs to retrain and redirect former WMD and delivery system scientists, technicians and engineers toward peaceful, civilian employment;

c) fund travel and other expenses related to participation by former Iraqi WMD and delivery system scientists, technicians and engineers in conferences, national and international research collaborations, and training activities;

d) issue grants and contracts to renovate, construct, and equip facilities in which WMD and delivery system scientists, technicians and engineers will undertake peaceful, civilian activities;

e) allocate funds to support commercial development of products and technologies that support the transition of former Iraqi WMD and delivery system scientists, engineers, and technicians to civilian employment, including establishing a venture capital fund;

f) engage in outreach and information activities to promote the goals of the INPF;

g) participate in multilateral efforts to reduce the proliferation of WMD and missile/delivery system expertise;

h) support initiatives that the Iraqi government takes to comply with its obligations under United Nations Security Council Resolution 1540 (2004); and

(i) develop a voluntary code of conduct which Iraqi scientists, engineers, and technicians can utilize to ensure that their endeavors, activities, and expertise are utilized for transparent peaceful civilian activities that further the scientific, technological, and economic development of Iraq.

2) All funding initiatives described in Section 6, paragraph 1 must comply with the purposes set forth in Section 1, paragraph 2.

3) The INPF shall have the right to access, monitor, and audit funds used in support of all projects and activities funded through the INPF and monitor scientific and technical progress, including:

a) To examine on-site INPF project activities, materials, supplies, project-related services and use of funds, upon its notification;

b) To inspect or audit, upon its request, any records or other documentation in connection with INPF activities and use of funds, wherever such records or documentation are located, for a period as determined in a grant or contract; and

c) To have access to project staff, their laboratories, laboratory or project notebooks, logs, or other records, and to request outside evaluation of projects as determined necessary.

If it is determined that the terms and conditions of a project have not been respected, the INPF may terminate the project and take appropriate steps in accordance with the terms of the grant or contract.

Section 7
Relation to Other Laws and Organizations

A permanent mechanism for information exchange, reporting and cooperation shall be established between the INPF and appropriate Iraqi authorities to ensure clear delineation of authority and responsibility in accordance with this Order and to ensure the free flow of information and effective implementation of non-proliferation programs.

Section 8
Entry into Force

This Order shall enter into force on the date of the signature.

6/19/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

Annex

Iraq Nonproliferation Programs Foundation
STATUTE

This Statute is adopted and promulgated pursuant to Section 1, paragraph 4 of Coalition Provisional Authority Order 79, The Iraqi Non Proliferation Programs Foundation, (CPA/ORD/19 June 2004/79) (the "Order"). In the event of a discrepancy between this Statute and the Order, the latter shall prevail.

ARTICLE I
NAME AND LOCATION

A. The Iraqi Nonproliferation Programs Foundation (hereinafter referred to as "the INPF") is established pursuant to Section 1 of the Order.

B. The Headquarters of the INPF shall be located at Baghdad, in the Republic of Iraq.

ARTICLE II
POWERS

A. Section 1, paragraph 2 of the Order provides as follows:

> The INPF shall have authority to develop, approve, and finance science, technology, and commercialization projects and related activities carried out at institutions and facilities, public and private, located principally but not solely in Iraq in order to provide individuals employed by the former regime in the development, creation, or production of WMD, particularly those who possess knowledge and skills related to nuclear, chemical, and biological weapons, or delivery systems (collectively "WMD and delivery system personnel"), opportunities to redirect their expertise to transparent peaceful civilian activities that further the scientific, technological, and economic development of Iraq. In accordance with Section 6(3), the INPF shall also have the authority to audit and monitor any and all projects that it sponsors.

B. The INPF is authorized to carry out the activities enumerated in Section 6 of the Order and shall use its resources solely for the accomplishment of its objectives.

ARTICLE III
BOARD PURPOSE, MEMBERSHIP, PROCEDURES

A. The Board has the responsibilities set forth in Section 2 of the Order.

B. The Board's membership is fixed at seven members. Founding Board members shall be the Ministers of Science and Technology, Higher Education and Scientific Research, Agriculture, Industry and Minerals, Health, and Environment, and the President of Iraqi National Academy of Science. Succeeding Board members shall be appointed by the head of the Iraqi government after consultation with Iraqi ministries, civil society, and, as appropriate, relevant international experts.

C. The Board shall select from its membership a Chair and Vice Chair who shall serve for one year.

D. The Board shall meet as needed, but not less than four times annually, upon fifteen (15) days prior notice from the Chair, except whenever a shorter period of notice is agreed to by all members. At a request from four or more members of the Board to the Chair, an extraordinary meeting of the Board shall be held upon fifteen (15) days prior notice except whenever a shorter period of notice is agreed to by all the Parties.

E. The Board may meet physically, through written procedure, or by teleconference. All actions taken at such meetings shall be confirmed in writing to the INPF Executive Officer within 5 days following such meetings.

F. A simple majority of the Board is necessary to approve any procedural matters, including, but not limited to, determining the INPF's policy; approving the INPF budget; general financial issues; approving the INPF's internal documents, such as financial regulations; and approving recommendations and proposals from the Scientific Advisory Council. Full consensus of the Board is required to amend the INPF Statute, appoint or remove the Executive Officer, and make recommendations to the Iraqi Head of government on changes to the Order establishing the INPF.

G. The Board may establish any committees and task forces it believes are necessary to carry out the objectives of the INPF.

H. The Board shall decide its own rules of procedure, which shall address, inter alia, the method by which representatives to the Board shall cast their votes and the participation of non-Board members, including other governments, inter-governmental organizations, non-governmental organizations, in Board meetings, and the establishment of any committees and task forces.

ARTICLE IV
STAFF

A. The Executive Staff of the INPF consists of the Executive Officer and other staff as necessary to carry out the work of the INPF.

B. The Executive Officer supervises the INPF's daily administration and is responsible for

implementing the Board's policies and decisions. All members of the Staff report to the Executive Officer. The Executive Officer is appointed for a three-year term, which may be renewed once.

C. The Executive Officer, consistent with decisions of the Board, shall develop an organizational plan for the INPF staff and will submit the plan to the Board for approval. In making staff appointments, the Executive Officer shall consider the paramount importance of employing staff members who possess the highest standards of efficiency, technical competence, integrity, and commitment to nonproliferation principles. The Executive Officer shall limit appointments of staff to only those necessary to carry out the work of the INPF and shall seek to limit the administrative costs of the INPF.

D. Under the guidance of the Executive Officer, the Staff shall be responsible for, inter alia:

[i] Disseminating information about the INPF, including its objectives and functions;

[ii] Receiving project proposals and information required in accordance with this Statute and preparing proposals for transmission to the Board;

[iii] Responding to statements of interest from institutions and individuals;

[iv] Assisting the participants in the development of project proposals and communicating with those who submit project proposals;

[v] Collating the advice on the scientific and technical merit of project proposals given pursuant to Article VII of this Statute;

[vi] Bringing together specialists in Iraq with other specialists with similar interests;

[vii] Proposing the INPF's activity plan and a budget for each year;

[viii] Preparing Annual Reports of the INPF's activities, with the first Report to be submitted to the Board at the end of calendar year 2004 ; and

[ix] Making the necessary arrangements for handling business confidential information, as defined in Article XI.A. The INPF personnel shall conclude confidentiality agreements with the INPF for the period of their work at the INPF and two years thereafter. Upon a complaint or on his or her own initiative, the Executive Officer shall take appropriate administrative actions, up to and including dismissal, against an INPF employee who has disclosed business confidential information.

[ix] Other functions assigned to the Staff by the Order, this Statute, the Board, or the Executive Officer.

ARTICLE V
SCIENTIFIC ADVISORY COUNCIL

A. Within sixty (60) days of the Order's signature, the Board will appoint 16 individuals to serve on the INPF Scientific Advisory Council (SAC), which is established pursuant to Section 3 (1) of the Order. The persons appointed shall be prominent members of Iraq's scientific, technical, or engineering communities relevant to the INPF's objectives and shall have fulfill the duties set forth in this Article and Article VII.

B. The SAC members shall serve for two-year terms and shall receive an honorarium for their service to the INPF. The level of the honorarium will be set annually by the Board.

C. The SAC shall meet at least once a quarter to advise the Board on fields of research and applications to be encouraged, discuss and establish proposal application processes, develop project selection criteria, and monitor the progress of grants. Its first meeting shall occur within thirty (30) days after all members of the SAC are appointed. SAC members are not prohibited from submitting proposals to the INPF but shall recuse themselves from meetings where their presence may result in a conflict of interest.

D. The members of the SAC may also represent the INPF at international meetings and engage in general outreach activities to promote the INPF's nonproliferation, scientific, and reconstruction objectives.

E. In addition to meetings described in paragraph C. of this Article, the SAC shall meet upon request of the Board, to provide advice on questions referred to it by the Board. The Chairman of the SAC may also request that the Board call a meeting of the SAC.

ARTICLE VI
PROPOSAL SUBMISSIONS

A. Proposals may be accepted from individuals, qualified governmental and private institutions and organizations provided that a clear link can be established to the nonproliferation goals of INPF. Standards of qualification will be set by the SAC with INPF Board approval.

B. Proposals shall be made through the Executive Officer.

C. Each acceptable proposal shall comply with the instructions issued by the INPF, which shall set forth requirements concerning information to be contained in proposals and the format for proposals. These instructions are prepared by the Executive Officer and approved by the Board. At a minimum, the instructions shall require for each proposal:

[i] A summary of the project, including names and resumes for the project manager and principal investigator(s); a short narrative description of the project's purpose, activities, anticipated results, materials and methods, contribution to science, location, and participants; a clear statement of the relationship of the project to INPF nonproliferation goals and the reconstruction of Iraq; and the project's duration and budgeted costs, identified by element of expense to include at least: salaries, equipment, materials, travel, and institutional overhead of

up to 10% of direct costs, excluding equipment and travel;

[ii] A description of all program and financial aspects of the project, including anticipated commercial results and intellectual property rights, if any;

[iii] A statement certifying that all participants concur with the work being proposed; and

[iv] Technical monitoring and financial auditing assurances from the institution, individuals, entities, or organizations submitting the proposal sufficient for implementing the obligations of Section 6(3) of the Order.

These instructions will help ensure that each proposal contains information sufficient for the Executive Officer, Scientific Advisory Council, and Board to fulfill their responsibilities under this Statute and the Order.

D. The INPF will give due regard to preventing:

[i] the transfer of information prohibited under relevant international rules and practices for the nonproliferation of weapons and other sensitive technologies,

[ii] unauthorized disclosures of proprietary and business confidential information.

Applicants are responsible for ensuring that their proposals comply with applicable laws and regulations regarding sensitive information and with all laws governing export controls.

E. Proposals are regarded as submitted when the Executive Officer determines that the information required in paragraph C. of this Article is complete.

ARTICLE VII
SCIENTIFIC AND OTHER PROFESSIONAL ADVICE

A. Within five (5) days of a proposal's submission, the Executive Officer shall send it to at least two SAC members with relevant competencies in the field of the proposal. The Executive Officer shall include at least the information required in Article VI.C. and other information he or she deems relevant, and a form on which the review shall be completed. The Executive Officer shall prepare that form after consultation with the SAC.

B. SAC members may solicit the opinions of up to three (3) experts scientific or other appropriate professional when reviewing a proposal. Reviewers may be Iraqi and/or international experts and may (if the Board so approves) receive compensation for their work.

C. Not more than sixty (60) days after receiving a proposal from the Executive Officer, SAC members shall provide the Executive Officer with a single completed form which synthesizes the reviews obtained in accordance with paragraph B. of this Article, together with copies of those reviews and his or her own recommendation as appropriate; or confirmation that no review has

been undertaken.

D. A completed review shall contain:

[i] The reviewers' names and qualifications, including any qualifications related to the specific proposal;

[ii] An analysis of the scientific, technical, and commercial merit of the proposals and how the proposed work supports nonproliferation goals and Iraq's reconstruction;

[iii] An opinion as to whether the project's objective can be accomplished within the framework proposed and time allowed;

[iv] An analysis, to the extent possible, of the qualifications of the proposed participants and of the skills necessary to meet the project's objectives; and

[v] Recommendations for the proposal's improvement, approval, and/or rejection.

ARTICLE VIII
PROJECT APPROVAL

A. The Executive Officer shall transmit, the proposal, the completed review, and an assessment (which the Executive Officer shall prepare) as to whether the project is in accordance with the objectives of the INPF, as described in Section 1, paragraph 2 of the Order.

B. Approval of projects by the Board:

[i] Unless the Board decides otherwise with regard to a specific proposal, it shall have at least thirty (30) days to consider a proposal after the proposal has been transmitted to it by the Executive Officer. It shall consider the proposal no later than its first meeting after the thirty (30) day period ends.

[ii] The Executive Officer shall communicate the Board's decision to approve or reject the proposal to the institution, individual, entity, or organization that submitted the proposal.

C. In deciding whether to approve a project, the Board will be guided by criteria and priorities established according to Section 1, paragraph 2 of the Order and shall consider whether the financing requested is adequate to accomplish the proposal's goals.

D. The Board shall effectuate the approval of a proposal by issuing a grant to or entering into a written contract (collectively "project agreement") with the institution, individual, entity, or organization that submitted the proposal.

ARTICLE IX
PROJECT AGREEMENTS

A. For each proposal approved and financed through the INPF, the INPF, acting through the Executive Officer or his or her designee, shall enter into a project agreement with the recipient organization, individual, entity, or institution. The project agreement shall expressly provide that it is subject to the provisions of the Order and the Statute, both of which shall prevail in the case of conflict with the project agreement.

B. At a minimum, a project agreement shall contain provisions that:

[i] Specify conditions under which costs shall be eligible for reimbursement and ensuring that they are allowable under the terms of the project or activity, reasonable as to amount and properly allocated to the project or activity;

[ii] Designate responsibility for performance of technical and financial tasks under the project or activity and delineate procedures to be followed in the resolution of disputes;

[iii] Establish a schedule for performance and conditions to be met in order to obtain payment;

[iv] Provide for the INPF the right of full INPF access pursuant to the Order, after notice of not less than 10 days or as specified in the agreement, to carry out on-site scientific or technical monitoring and financial audit of all activities of the project or activity; specify the portions of the facilities, equipment, documentation, information, data systems, materials, supplies, personnel, and services which will concern the project and so will be accessible for the monitoring and audit;

[v] Require the recipient entity to account for resources used, to identify the types of records required to support expenditures for the project, and to return unspent funds within a stated period of time;

[vi] Require regular technical and financial reports detailing the progress of the project or activity and of expenditures made against the agreement by the same elements of expense identified in the approved proposal, including accounting for any interest earned by the recipient on funds accepted from the INPF;

[vii] Require that allowable costs not include, inter alia, any element of profit;

[viii] Set a standard contribution for overhead costs up to 20% of direct costs, excluding equipment and travel;

[ix] Require that allowable costs not include amounts imposed for taxes of any kind, including profit tax, value added tax, personal income tax, local taxes as well as any other tariffs, dues, custom duties, import taxes, fees, or any other similar taxes or charges;

[x] Prohibit the transfer of sensitive information that is prohibited under relevant international rules and practices for the nonproliferation of weapons, delivery systems, and other sensitive

technologies, and unauthorized disclosures of proprietary and business confidential information; and

[xi] Provide for the termination of the project as follows:

(a) When the agreement is terminated other than pursuant to paragraph (b) below, costs shall be limited to the allowable costs incurred by the recipient entity prior to the termination and such other costs as the INPF considers to be fair and reasonable, having regard to commitments reasonably entered into and which cannot be cancelled or avoided. The recipient entity shall comply with any directions of the INPF in the termination notice to reduce or mitigate these costs.

(b) When the INPF determines that the recipient entity has not complied with the terms and conditions of the project agreement, the recipient entity shall, upon demand, promptly return all payments and equipment contributions previously made.

(c) Any disputes on the above matter shall be settled by a procedure involving, in case of appeal, a final decision of the Board.

ARTICLE X
CONTRIBUTIONS TO THE INPF

A. Without prejudice to Articles XI and XII, foreign governments, international organizations, nongovernmental organizations, foundations and scientific organizations, private concerns, or individuals may contribute funds in any currency to the INPF for operating costs, projects, and all other expenses in accordance with its laws and regulations into an account in the name of the INPF or directly into the INPF project and administrative accounts. Private concerns or individuals who contribute funds to the INPF may require (by written contract) that the funds be utilized for a specific project.

B. Funds that are deposited in the INPF's bank accounts pursuant to paragraph A. of this Article shall be disbursed from the bank account by the Executive Officer or his designee in accordance with procedures approved by the Board.

C. Contributions made to the INPF may be maintained in an INPF account established by the Executive Officer, with the approval of the Board. Disbursement procedures for these funds shall be established by the Board.

D. Disbursements of funds for projects may be made to the appropriate organizations and individuals in hard currency or local currency.

ARTICLE XI
INTELLECTUAL PROPERTY RIGHTS

A. For the purposes of the Order and this Statute:

"Intellectual Property" shall have the meaning defined in Article 2 of the Convention Establishing the World Intellectual Property Organization, done at Stockholm on July 14, 1967.

"Business confidential information" means information containing know-how, trade secrets, or technical, commercial or financial information, which either:

[i] Has been held in confidence by its owner;

[ii] Is not generally known or available from other sources;

[iii] Has not been made available by its owner to other parties without an obligation concerning its confidentiality; or

[iv] Is not available to the receiving party without obligations concerning confidentiality.

B. Each project agreement shall provide for the adequate protection of intellectual property and - business confidential information exchanged or provided in the course of an INPF project or activity.

C. The INPF shall use its best endeavors to ensure that rights acquired are exercised in such a way as to encourage, consistent with the Statute:

[i] The dissemination and use of non-confidential information created, provided, or exchanged in the course of a project;

[ii] The adoption and implementation of international technical standards; and

[iii] Fair competition in areas affected by the Order. Entities having rights should make adequate efforts to exploit their intellectual property rights consistent with the objectives of the Agreement. To that end,

the INPF (or its designee) and the recipient entity (or its designee) shall agree to protect, allocate, and manage intellectual property arising under the project agreement, consistent with the principles of the Order and relevant laws and regulations.

ARTICLE XII
FINANCING OF ADMINISTRATIVE EXPENSES

A. The fiscal year of the INPF shall be the same as that of the Iraqi national fiscal year.

B. Beginning in 2005, the Executive Officer shall submit (by May 1) to the Board the annual budget estimates for the operating and program expenses of the INPF for the following fiscal year. The

Board shall approve the INPF's budget requirements and submit it to the Ministry of Finance by June 1 of each fiscal year. The Ministry of Finance shall consider the budgetary request and will determine the appropriate amount of funding for the forthcoming fiscal year according to the budget preparation process set forth in CPA Order 95, Financial Management Law and Public Debt Law, (CPA/ORD/2 June 2004/95).

C. Relevant government Ministries and agencies will be encouraged to second staff and provide other support to the INPF at no cost to the INPF's budget. The INPF may, as necessary, enter into agreements concerning seconded staff and support.

ARTICLE XIII
FINANCIAL PROCEDURES

A. Quarterly financial reports shall be provided to the Board on the INPF's administrative costs, project awards, grants, contracts and other expenditures in a format consistent with Iraqi law and standard international accounting practices.

B. An annual audit by an auditor approved by the Board shall be conducted of the INPF's expenditures and related financial activities. Results of the audit shall be reported to the Board within 30 days after completion and will be included in the INPF's annual report to the Iraqi head of government.

ARTICLE XIV
AUDITING AND MONITORING

A. All funds contributed for a project or activity through the INPF shall be subject to audit and technical monitoring by the INPF and the Board of Supreme Audit in accordance Iraqi law and the following principles:

[i] Audit of costs shall assure that costs reimbursed are allowable under the terms of the project agreement;

[ii] The INPF or audit organizations as specified by the Board may perform such audits, or engage others to do so.

[iii] Accounting systems used by project recipients must be acceptable to the INPF in regard to projects and activities it finances and shall be subject to review and audit;

[iv] Audit reports pertaining to a project shall be available to the entities audited, to the INPF, the Board.

[v] Allowable costs based on the result of an audit shall be determined by the entity performing the audit or engaging others to do so. Any disputes shall be settled in accordance with resolution of dispute procedures contained in the project agreement.

[vi] The INPF or its designees shall have access to facilities, personnel and records for technical monitoring of scientific, technical, engineering, or other work conducted under the project to ensure that work is being performed in a manner and according to timelines provided in the project agreement.

[vii] Provisions for an entity that wholly or partly finances a project or activity and for the INPF to have the right of full INPF Order access, after notice of not less than 10 days or as specified in the project agreement, to carry out on-site monitoring and audit of all activities of the project; specifications of the portions of the facilities, equipment, documentation, information, data systems, materials, supplies, personnel, and services which will concern the project and so will be accessible for the monitoring and audit; such specification shall permit the recipient entity the right to protect those portions of facilities that are not related to the project. After completion or termination of an INPF project or activity the recipient entity may utilize the facility or portion of the facility previously used for the INPF project for other work; however, all documentation and records including those associated with equipment, data systems, materials, supplies and services utilized on the INPF project or activity must be maintained for up to two years following such completion or termination and such documents and records and personnel must be available to the auditor for up to two years following such completion or termination.

B. Approved projects and activities funded other than through the INPF shall be subject to audit by the funding entity and/or their representatives taking into account the principles set forth in paragraph A of this Article.

ARTICLE XV
AMENDMENT OF STATUTE

This Statute may be amended by unanimous consent of the Board.

ARTICLE XVI
EFFECTIVE DATE

This Statute is effective as of the date the Order is signed.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 80

AMENDMENT TO THE TRADEMARKS AND DESCRIPTIONS LAW NO. 21 OF 1957

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi intellectual property system as necessary to improve the economic condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that companies, lenders and entrepreneurs require a fair, efficient, and predictable environment for protection of their intellectual property,

Noting that several provisions of the current Iraqi trademark legislation do not meet current internationally-recognized standards of protection, and that current Iraqi legislation does not extend protection to geographical indications,

Recognizing the demonstrated interest of the Iraqi Governing Council for Iraq to become a full member in the international trading system, known as the World Trade Organization, and the desirability of adopting modern intellectual property standards,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1
Amendments to the Trademarks and Descriptions Law No. 21 of 1957

1) The Trademark and Descriptions Law No. 21 of 1957 is hereby renamed the "Trademark and Geographical Indications Law".

2) Article 1, definition for "Mark" is amended to read as follows: ""Mark" – Shall include trademarks, service marks, collective marks and certification marks.

3) Following the definition for "Mark", a definition for "Trademark" is added to read as follows: "Trademark" – Any sign, or any combination of signs, capable of distinguishing the goods of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and colors as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, registrability will depend on distinctiveness acquired through use. Signs need not be visually perceptible in order to be eligible for protection as trademarks.

4) Following the definition for "Trademark", a definition for "Service Mark" is added to read as follows: "Service Mark" – Any sign, or any combination of signs, used by a person to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor. Marks used in connection with retail services, whether associated with the selling of the goods of the service provider or those of others, or both, are eligible for protection as service marks.

5) Following the definition for "Service Mark" a definition for "Certification Mark" is added to read as follows: "Certification Mark" - Any sign, or any combination of signs, used by a person other than its owner to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization. Certification marks shall include geographical indications.

6) Following the definition for "Certification Mark" a definition for "Geographical Indications" is added to read as follows: "Geographical Indications" - Indications which identify a good as originating in the territory of a country, or a region or

locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

7) Following the definition for “Geographical Indications” a definition for "Collective Mark" is added to read as follows: "Collective Mark" – A trademark or service mark used by the members of a cooperative, an association, or other collective group or organization, and includes marks indicating membership in a union, an association, or other organization.”

8) Following the definition for “Collective Mark” a definition for “Nice Classification” is added to read as follows: “Nice Classification means the classification established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, signed at Nice on June 15, 1957, as revised and amended.”

9) Article 2.1 is amended to read as follows: “1. There shall be kept at the Ministry of Industry a Register in the custody of the Registrar, wherein shall be recorded all the marks, the names and addresses of their owners, and descriptions of their goods. The public shall be entitled to inspect the Register. The public shall also be entitled to receive certified copies thereof on payment of the prescribed fees.”

10) Article 2.2 is suspended.

11) Article 3 is amended to read as follows: “A mark shall be deemed to be the property of the person who registered it. The ownership of the mark may not be contested if the owner used it for five consecutive years from the date of completion of registration, except as provided in Article 21.”

12) Article 4 is amended to read as follows: “Any natural person or legal entity shall have the right to apply for the registration of a trademark with all attendant rights in accordance with the provisions of this Law.”

13) Article 4*bis* is added following Article 4 to read as follows:

“1) The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

2) The owner of a well-known trademark shall have the right to enjoy the protection conferred by this Law even if such a mark is not registered in Iraq.

3) The preceding provision shall apply to marks intended for use in connection with goods or services which are not identical with those of the well-known mark, where the use of the marks in relation to those non-identical goods or services would indicate a connection between the owner of the well-known mark and those products, and that such a use may be prejudicial to the interests of the owner of the well-known mark.

14) Article 4*quater* is added following Article 4*ter* to read as follows: "Collective and certification marks, including geographical indications, shall be registrable in the same manner and with the same effect as trademarks by any natural persons or legal entities, including nations, states, municipalities, and other regional authorities, exercising legitimate control over the use of the marks sought to be registered. When registered, they shall be entitled to the protection provided in this chapter in the case of trademarks."

15) Article 5.1 is amended to read as follows: 1. Marks devoid of any distinctive character or which are used in trade to describe the kind, nature, quantity or place of production of the goods, or marks which in the ordinary language of Iraq indicate any of such matters. Where signs are not inherently capable of distinguishing the relevant goods or services, registrability will depend on distinctiveness acquired through use.

16) Article 5.2 is amended to read as follows: "2. Marks, expressions, or designs which are contrary to public order or morality."

17) Article 5.3 is amended to read as follows: "Marks which are identical with, or similar to armorial bearings, flags or other State emblems of Iraq or other countries of the Paris Union or international intergovernmental organizations, official signs or hallmarks, indicating control and warranty adopted by them, and any imitation from a heraldic point of view."

18) Article 5.4 is amended to read as follows: "4. Marks which are identical with, or similar to, the insignia of the Red Cross, Red Crescent, or Geneva Cross.

19) Article 5.5 is amended to read as follows: "5. The name, title, portrait, or armorial bearing of a person except with that person's written consent."

20) Article 5.6 is amended to read as follows: "6. Designations of honorary degrees to which the applicant is unable to prove a right."

21) Article 5.7 is amended to read as follows: "7. Marks which are likely to mislead or confuse the public, or which contain false descriptions as to the origin of products, whether goods or services, or their other qualities, as well as the signs that contain an indication of a fictitious, imitated or forged trade name."

22) Article 5.8 is amended to read as follows: "8. Marks that are identical or similar to a well-known mark, or marks that are identical or similar to a previously registered trademark if registration of that mark will result in confusing the consumer public as to the goods distinguished by the mark or other similar goods."

23) Articles 5.9-5.12 are suspended.

24) Article 6*bis* is added following Article 6 to read as follows: "Where an application for registration of a mark is filed:

a) by any person whose country of origin is a member in the Paris Union, the WTO, or party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which Iraq is a party, or a country which extends reciprocity to Iraq;

b) in a country described in subsection (a)

the applicant, or rightful successor, may, within six months from the date of filing the application, file with the Registrar a similar application for the same mark covering the same products included in the previous application in accordance with the terms and conditions prescribed by this Law and its Regulations. In such a case the priority date shall be that of the first application filed in the foreign country."

25) Article 7 is amended to read as follows:

"1. A mark shall be permitted to be registered in respect of one or more articles or in one or more classes. The application shall indicate the goods or services by their names, grouped according to the classes of the Nice Classification.

2. Goods or services may not be considered as being similar to each other solely on the ground that, in any registration or publication, they appear in the same class of the Nice Classification. Conversely, goods or services may not be considered as being dissimilar from each other solely on the ground that, in

any registration or publication, they appear in different classes of the Nice Classification.

3. In a single application, an applicant may apply to register the same mark in multiple classes for all of the goods and/or services on or in connection with the mark that is sought to be protected. The applicant must specifically identify the goods or services in each class. A single certificate of registration shall issue for such mark."

26) Article 8 is amended to read as follows: "Where before any publication is made two or more persons apply simultaneously for the registration of the same mark or of identical or similar marks in respect of goods or articles of the same class of products, the Registrar may suspend all such applications until the renunciation by one of the disputants is duly attested to or a final decision is made in favor of one of them."

27) Article 8*bis* is added following Article 8 to read as follows:

"1. The Registrar may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

2. No disclaimer shall prejudice or affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed matter, or his right of registration on another application if the disclaimed matter be or shall have become distinctive of his goods or services."

28) Article 9 is suspended.

29) Articles 12.2 and 12.3 are suspended.

30) Article 15 is amended to read as follows:

"1. The owner of a mark shall, on completion of registration thereof, be given a certificate containing the particulars published in the aforementioned bulletin.

2. The registration of a trademark shall in all legal proceedings constitute *prima facie* evidence of the validity and ownership of the trademark."

31) Article 17 is amended to read as follows: "The ownership of a mark shall be transferable and the mark shall be pledged or seized together with the business

dealing in the goods carrying that mark, or with that part of the business connected with the use of and symbolized by the mark."

32) Article 18*bis* is added following Article 18 to read as follows:

"1. The owner of a mark may license one or more natural persons or legal entities to use the owner's mark on all or some of the products for which the mark was registered. Such license to a third party shall not prevent the owner from using the mark, unless otherwise agreed.

2. Recordal of an assignment or a license for the mark shall not be required for the assignee or licensee to establish the validity of the mark or to assert rights in the mark against third parties."

33) Article 19 is suspended.

34) Article 20 is amended to read as follows:

"1. The duration of protection of a mark shall be for ten years, renewable for like periods upon application made during the last year in the manner prescribed in the regulation and payment of the prescribed fee.

2. The owner of the mark may request a renewal within six months after the date of its expiry against payment of the prescribed fees and a supplemental fee prescribed by the regulations, failing which the Registrar shall proceed to cancel the said mark from the register."

35) Article 21 is amended to read as follows:

"1. Any interested person shall be entitled to apply to the Court within five years of the registration of any mark for its cancellation, stating the grounds relied upon.

2. Notwithstanding paragraph 1 of this Article, a petition to cancel a registration of a mark may be filed at any time if the registered mark:

a) becomes the generic name for the goods or services, or a portion thereof, for which it is registered;

b) is functional;

c) was obtained fraudulently or contrary to the provisions of registrability;

d) has gone unused for an uninterrupted period of three years, unless such nonuse may be proved to be due to uncontrollable cause or lawful excuse; or

e) is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used."

36) Article 24.1 is suspended.

37) Article 24.2 is suspended.

38) Article 24.3 is amended to read as follows: "3. Decisions issued by the Registrar in accordance with paragraph 2 of Article 5, and Article 21 of this Law are subject to appeal to the Minister within 30 days from the date of notification of the decision, and those concerned may object to the Minister's decision, subject to appeal to the court within 30 days from the date of notification of the Minister's decision."

39) Article 25 is suspended.

40) Article 26 is amended to read as follows: "The Registrar may, whenever there is justification, make any alteration in the Register if this alteration is designed to correct a mistake or to complete a technical deficiency."

41) Article 27 is suspended.

42) Article 32 is amended to read as follows: "Trade indications may not be misleading to the public, whether they are placed on the goods themselves, on the premises or stores or in their firm names, or on packages, invoices, letters, advertising materials and the like, which are used in offering the goods to the public."

43) Article 33.1 is suspended.

44) Article 35 is amended to read as follows: "Any person who commits any of the following acts shall be punished by imprisonment for a period of not less than one year and not more than five years and by a fine of not less than 50,000,000 Dinars and not more than 100,000,000 Dinars, or by one of those penalties:

1) Whoever counterfeits a trademark, which is lawfully registered or imitates it in such a manner as to mislead the public, or uses in *mala fide* a counterfeited or an imitated trademark;

2) Whoever unlawfully uses a registered trademark owned by another party;

3) Whoever puts, in *mala fide*, a registered trademark owned by another party on that person's products;

4) Whoever knowingly sells or offers for sale or circulation or possesses for the purpose of sale, products bearing a counterfeited or an imitated trademark, or a trademark which is unlawfully affixed; or

5) Whoever intentionally offers rendering services under a forged, imitated or unlawfully used mark.

In all cases, the court shall order the confiscation of the infringing products, goods, firm name, wrapping materials, papers, hang tags, stickers, etc., which bear the mark of the subject matter of the offence, the revenue and the returns of such products as well as the implements used in the infringement."

45) Article 36 is suspended.

46) Article 36*bis* is added following Article 36 to read as follows: "Any person who commits for the second time one of the offenses mentioned in Articles 35 and 36 of this Law, shall be punished by imprisonment for a period of not less than 5 years and not more than 10 years and by a fine of not less than 100,000,000 Dinars and not more than 200,000,000 Dinars in addition to the closure of the commercial store or enterprise for a period of not less than fifteen days and not exceeding six months, together with the publication of the judgment at the expense of the infringer."

47) Article 37 is amended to read as follows:

"1. The owner of a mark may, at any time even before the institution of any civil or criminal action, obtain, upon application supported by evidence establishing the registration of the mark, an order from the examining magistrate or from the court which has the jurisdiction to hear and determine the offence or damages to take provisional measures, more particularly to seize the instruments and tools used in the commission of the offence as well as the products, goods, firm name, wrapping materials, papers, hang tags, stickers, etc., which bear the mark of the subject matter of the offence. This includes seizure of products, goods, firm name, wrapping materials, papers, hang tags, stickers, etc., that are imported from abroad.

2. The judicial authorities shall have the authority to adopt provisional measures inaudita altera parte where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. Provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within 20 working days or 31 calendar days, whichever is the longer.

4. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures."

48) Article 38 is amended to read as follows:

"A. The court competent to hear any civil action shall be permitted to order:

i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement;

ii) profits of the infringer that are attributable to the infringement and are not taken into account in computing the amount of the actual damages referred to in clause (i) of this Article; and

iii) seizure and destruction of the infringing articles, as well as materials and implements that have been used in the manufacture or creation of such counterfeit goods. The charitable donation of counterfeit trademark goods shall not be ordered by the competent court without the authorization of the right holder. In no case shall the simple removal of the trademark unlawfully affixed be sufficient to permit the release of goods into the channels of commerce."

49) Article 38*bis* is added following Article 38 to read as follows: "The court shall provide final judicial decisions in writing and shall state any relevant findings of fact and the reasoning or the legal basis upon which the decisions are based. The court shall publish such decisions or, where such publication is not practicable, otherwise make publicly available."

50) Article 39*bis* is added following Article 39 to read as follows: "Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which Iraq is also a party, or extends reciprocal rights to nationals of Iraq by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter."

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

4/26/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 81

PATENT, INDUSTRIAL DESIGN, UNDISCLOSED INFORMATION, INTEGRATED CIRCUITS AND PLANT VARIETY LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi intellectual property system as necessary to improve the economic condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that companies, lenders and entrepreneurs require a fair, efficient, and predictable environment for protection of their intellectual property,

Noting that several provisions of the current Iraqi Patent and Industrial Design Law and related legislation does not meet current internationally-recognized standards of protection,

Recognizing the demonstrated interest of the Iraqi Governing Council for Iraq to become a full member in the international trading system, known as the World Trade Organization, and the desirability of adopting modern intellectual property standards,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1
Amendments to the Patents, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety Law

1) The Patent and Industrial Designs Laws and Regulations (No. 65 of 1970) is hereby renamed the Patents, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety Law (the "Law").

2) Article 1.1 is amended to read as follows: "Minister—Minister of Industry."

3) Article 1.4 is amended to read as follows: "Invention—Any innovative idea, in any of the fields of technology, which relates to a product or a manufacturing process, or both, and practically solves a specific problem in any of those fields."

4) Article 1.6 is amended to read as follows: "Patentee—The natural or legal person to whom the patent is granted."

5) Article 2 is amended to read as follows: "Patents of invention shall be granted pursuant to the provisions of this Law for each invention that is industrially applicable, novel and involves an inventive step, either concerning new industrial products, new industrial methods, or new application of known industrial methods"

6) Article 3.2 is suspended.

7) Article 4 is amended to read as follows: "An invention shall not be considered as new in the following three cases:

 a) If, the invention has been publicly worked out in or outside Iraq, or if the description or drawing of the invention has been publicized in periodicals within Iraq or outside it in such a clear way that enables experts to exploit;

 b) If, letters patent had been granted to the invention or part thereof to a person other than the inventor or to whom the rights of the invention have been assigned, or that others had already applied for the same patent, or part thereof; or

 c) Notwithstanding subparagraphs (a) and (b), the disclosure of the invention to the public shall not be taken into account if it occurred twelve months before the filing date of the application or its priority date, if any, and it occurred by actions taken by the applicant or applicant's predecessor or due to an abuse by third parties against the applicant or predecessor.

8) Article 5 is amended to read as follows: "Notwithstanding the grant of the patent, a person who, in good faith, manufactures, uses an industrial manufacturing process of a product, or makes serious preparations therefore, before the filing date of an application by another person, or before the priority date of the application pertaining to the same product or process, shall have the right to continue such use or to use the invention as envisioned in such preparations. Assignment or transfer of the said right is only permitted together with the establishment or with that part of the establishment in which the use or preparations for use have been made."

9) Article 7.3 is amended to read as follows: "Nationals of States Party to a relevant international agreement to which Iraq is a member."

10) Article 7.5 is amended to read as follows: "Companies, societies and establishments formed in Iraq or in countries that are members of a relevant international agreement to which Iraq is a member, and enjoying juridical personality, industrialists, manufacturers, merchants or laborers, provided that the invention shall be primarily registered in the name of the inventor, unless when the invention had already been patented outside Iraq, in which case such invention may be registered in the name of the company, establishment or society that owns it."

11) Article 12 is amended to read as follows: "A patent shall grant its owner the following rights:

 a) Where the subject of the patent is a product, the right to prevent any person who has not obtained the owner's authorization from making, exploiting, using, offering for sale, selling or importing that product.

 b) Where the subject of the patent is an industrial process, the rights to prevent any person who has not obtained the owner's authorization from using the process or the product directly made by the process, offering for sale, selling or importing the product."

12) Article 13.1 is amended to read as follows: "The term of duration of the patent shall not end before the expiration of a period of twenty years for registration under the provisions of this Law as from the date of the filing of the application for registration under the provisions of this Law."

13) Article 13.2 is suspended.

14) Article 16.2 is amended to read as follows:

"(2) An applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art.

(2)*bis* An applicant for a patent shall provide information concerning the applicant's corresponding foreign applications and grants."

15) Article 17 is suspended.

16) Article 18(2) is amended to read as follows: "That the specification and drawing disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art."

17) Article 27 is amended to read as follows: "The Registrar may grant a license to use a patent to third parties without obtaining the patentee's consent in any of the following cases exclusively:

A. If the use of the patent by the state authorities or licensed third parties is a necessity for national defense or emergency or for noncommercial public good provided that the patentee is notified as soon as it becomes possible.

B. 1. If the patentee does not exploit it or exploits it insufficiently before the elapse of four years as of the application date or three years as of the granting date, the period to be applied is the one that elapses later. However, the Registrar may grant the patentee an additional grace period if it is deemed that reasons beyond the control of the patentee have prevented exploitation.

2. For the purposes of item (1) of this paragraph, and without prejudice to the provisions of the relevant International Conventions, the importation of the subject goods of the patent to Iraq shall be deemed utilization of the patent.

C. If rights are exercised by the patentee in such a way as to prevent others from competing fairly."

18) Article 28 is amended to read as follows: "The following shall be taken into consideration when compulsory licenses are granted:

A. Each application for a license shall be decided separately for its specific conditions and circumstances.

B. The applicant shall have tried to obtain a license from the patentee under reasonable remuneration and conditions but did not reach an agreement during a

reasonable period of time in the case provided for in paragraph (B) of Article 27 of this Law.

C. The scope and duration of the license shall be limited to the purpose for which it is granted. If the license application relates to semiconductor technology, then it shall only be granted for noncommercial public good or to rectify practices deemed by the competent judicial or administrative authority to be anticompetitive.

D. The license to exploit shall not be exclusive.

E. The license shall not be assignable to third parties.

F. The license shall only be granted for meeting the demand in the local market except in cases where practices have been deemed by the competent judicial or administrative authority to be anticompetitive.

G. The patentee shall receive an equitable remuneration which takes into account the economic value of the patent."

19) Article 29 is amended to read as follows: "The Registrar may cancel the compulsory license *sua sponte* or on the strength of an application from the patentee if the reasons for its grant lapsed. This license cancellation shall, however, preserve the rights of those involved in the compulsory license."

20) Article 30 is amended to read as follows: "The provisions and procedures related to licensing of patent utilization shall be prescribed pursuant to regulations to be issued to this aim."

21) Article *30bis* is added following Article 30 to read as follows: "The Registrar's compulsory license decision shall be appealable to the Minister within 60 days of its notification."

22) Article 34 is amended to read as follows: "Patentee's rights shall not be affected by the exploitation of the invention in land, sea or air means of transport belonging to any of the countries that are members of the Paris Convention for the Protection of Industrial Property or the World Trade Organization or that treat Iraq on a reciprocal basis, during their temporary or accidental existence in Iraq."

23) Article 36.2*bis* is added following Article 36.2 to read as follows: "The application for registration of industrial designs or models shall be granted where the industrial design or model is new or original."

24) Article 36.2*ter* is added following Article 36.2*bis* to read as follows: "The industrial design or model applied for is not considered novel if:

(1) It has been displayed, described or its uses were described to the public prior to the date of deposit of the application for registration.

However, the industrial design or model shall still be considered novel, if its description or display had been made after the application for the registration in a country that treats Iraq on reciprocal basis, or if such is displayed in national or international exhibitions, or the industrial design or model has been made public in a conference or in scientific journals within a period not exceeding six months prior to the date of the application for the registration in Iraq.

(2) It includes non-basic differences in respect of a prior industrial design or model, or is dedicated to another type of product other than to which the previously registered industrial design or model was designed for."

25) Article 36.2*quater* is added following Article 36.2*ter* to read as follows: "Application for registration of industrial designs that are dictated essentially by technical or functional considerations shall not be granted."

26) Article 37*bis* is added following Article 37 to read as follows:

"1. The owner of a protected industrial design shall have the right to prevent a third party not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

2. The Minister may, by regulation, provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties."

27) Article 41 is amended to read as follows: "The term of protection of industrial designs shall be ten years as from the date of issue of the certificate, provided payment of the prescribed renewal annual fees is carried out."

28) Article 44 is amended to read as follows:

"A. The owner of a patent or industrial design registered in Iraq, upon bringing suit to prevent the infringement of rights in the patent or design, may file a complaint with the competent court, with a bond, which the court shall accept for the following provisional measures:

1. Cease the infringement;

2. Seize the products subject of the infringement wherever it occurs; or

3. Preserve evidence related to the infringement.

B. 1. The patent or design owner, before bringing a claim of infringement, may, with a bond, request the court to order any of the procedures provided in paragraph (A) of this Article without notifying the defendant. The court may grant the owner's request if the owner proves any of the following:

- the patent or design is being infringed;

- the infringement is imminent and may cause irreparable harm; or

- the risk that the evidence will disappear or be damaged is great.

2. If the patent or design owner does not file the lawsuit within eight days from the date of the court's order for precautionary procedures, the ordered procedures shall be deemed canceled.

3. The defendant may appeal the court's decision of precautionary procedures to the Court of Appeals within eight days from the date the defendant was notified of the decision. The decision of the Court of Appeals is final.

C. The defendant may file a request, with a bond, to ask the court to discontinue the precautionary measures including the closure of the enterprise, factory, or other related businesses. This decision shall be appeal able within eight days as of the date of its notification. The decision of the Court of Appeals shall be final.

D. The defendant may seek equitable compensation for damages suffered if the court concludes that the plaintiff's lawsuit is without merit or was not filed within the prescribed period.

E. The court may, in all cases, seek the help of experts and specialists.

F. The court may order the confiscation of the infringing products, as well as the materials and tools substantially used in the infringement of the patent. The court may order them destroyed or disposed of for noncommercial purposes."

29) Chapter Three*bis* is added following Article 54 for protection of Undisclosed Information.

30) Article 1 is added as the first article in Chapter Three*bis* to read as follows: "Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as such information:

a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;

b) has commercial value because it is secret; and

c) has been subject to reasonable steps under the circumstances by the person lawfully in control of the information to keep it secret."

31) Chapter Three*bis*, Article 2 is added to read as follows: "If the Minister requires the submission of data pertaining to secret tests, or any data which has been derived as a result of considerable efforts in order to approve the marketing of pharmaceuticals or chemical agricultural products which contain new chemical substances, then the Minister shall comply with the following:

a) Protection of such data from unclassified commercial use through prohibiting any other person who did not obtain the consent of the submitter to rely on it for marketing that other person's pharmaceuticals and products except after the lapse of five years as of the date of obtaining the submitter of such data the approval to market those products; and

b) The protection of this data from disclosure with the exception of the following:

i) Should disclosure be necessary for the protection of the public; or

ii) Should the Minister realize the necessary precautions to guarantee unclassified commercial use of such data."

32) Chapter Three*ter* is added following Chapter Three*bis* for protection of Integrated Circuits.

33) Chapter Three*ter*, Article 1 is added to read as follows: "The following words and phrases shall have the following meanings wherever mentioned in this Chapter, unless otherwise indicated:

- **The Ministry**: The Ministry of Industry.

- **The Minister**: The Minister of Industry.

- **Integrated Circuit/IC**: A product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material and which is intended to perform an electronic function.

- **Design**: Three-dimensional array of the elements constituting the circuit forming the integrated circuit or specifically prepared for manufacturing the integrated circuit.

- **Protected Design**: A design in respect of which the conditions of protection referred to in this Chapter are fulfilled.

- **Registrar**: The Registrar of Integrated Circuit Designs in the Ministry as appointed by the Minister.

- **Register**: The register of Integrated Circuit Designs.

- **Rights holder**: The creator of the protected design or legal successors."

34) Chapter Three*ter*, Article 2 is added to read as follows:

"A. A Register shall be established under the supervision of the Registrar and shall be entitled "Register of Integrated Circuit Designs." In such Register, all information related to designs, rights holders, their addresses and certificates issued on their behalf shall be handwritten and registered together with the measures and legal procedures taken to include:

B. Any transfer, acquisition, assignment or licensing from rights holder to third party/parties; and

1. Any mortgage, lien, seizure, levy or any constraint in utilizing such design.

C. The public may access the Register pursuant to regulations issued by the Minister as published in the Official Gazette.
D. Computers may be used to register designs and related information. Information and documents certified by the Registrar are presumed evidence of registration, unless otherwise proven."

35) Chapter Three*ter*, Article 3 is added to read as follows: "The design is registrable, if:

A. The design is original in the sense that it is the result of its creator's own intellectual effort and is not commonplace among creators of integrated circuit designs and manufacturers of integrated circuits at the time of its creation; and

B. The application for registration is presented within two years of its first commercial exploitation anywhere worldwide."

36) Chapter Three*ter*, Article 4 is added to read as follows: "The beneficiaries for design protection shall be as follows:

A. The creator or to whomever the design rights are accrued;

B. All participants in the design if the design is a result of a combined effort. Registration shall be equally owned unless otherwise agreed;

C. If the design was designed by more than one independent individual, the right is to the creator prior in applying for registration; or

D. The employer, if designed by an employee in fulfillment of an employment agreement, or commission, unless employment agreement otherwise stipulates."

37) Chapter Three*ter*, Article 5 is added to read as follows: "The design is registered by filing the application for registration to the Registrar on the designated form, with requested information, samples and drawings attached. The application for registration is valid for only one registration."

38) Chapter Three*ter*, Article 6 is added to read as follows: "A. The date the Registrar receives the application for registration of the design is considered the date of filing provided it fulfills all legal requirements and the information identifying the applicant and the design diagrams is attached.

A. If the Registrar determines that the application is incomplete as mandated by paragraph (A) of this Article, applicant may be given a period determined by regulation to complete the application, or make necessary amendments provided that such amendments exceed what was previously stated in the original application. The date of completion or amendment shall be the date of filing the application. Alternatively, the Registrar may determine that the applicant abandoned the application. Such decision may be appealed in the Court of Appeals within sixty days of the date of notification."

39) Chapter Three*ter*, Article 7 is added to read as follows:

"A. If the application fulfills all conditions and legal requirements, the Registrar shall accept the registration and assess the fees.

B. If the Registrar announces such registration in the Official Gazette, any third party may file an objection within ninety days from the date of the published announcement. The appellate procedures shall be based on the regulations stipulated by this Chapter.

C. If no objection is filed against the acceptance of the registration of the design, the Registrar shall approve its registration and issue a certificate after assessing the determined registration fees."

40) Chapter Three*ter*, Article 8 is added to read as follows:

"A. The rights holder of the registered design is entitled to authorize or prohibit the following acts:

1. Reproduction of the protected design, in whole or in part, whether incorporated in an integrated circuit or by any other means, except reproduction of any part that does not comply with the requirement of originality; or
2. Importation, sale or other distribution for commercial purposes of the protected design or an integrated circuit in which a protected design is incorporated.

B. It shall be an infringement of the rights of the owner of the protected design if any of the acts provided for in paragraph (A) of this Article are committed by third parties without consent of the rights holder and shall be liable to punishment.

C. A design comprising a combination of elements and interconnections that are commonplace shall be protected only if the combination, taken as a whole fulfills the conditions of originality as stipulated in this Chapter."

41) Chapter Three*ter*, Article 9 is added to read as follows: "Notwithstanding the provisions of Article 8 of this Chapter, the performance without the authorization of the right holder, of the following:

A. Reproduction of the design in the following cases:

1. If reproduction is performed by a third party for private purposes or for the sole purpose of evaluation, analysis, research or teaching; or

2. If reproduction is of a non-original part of the design.

B. Incorporation of the protected design in an integrated circuit if, on the basis of evaluation or analysis of the protected design, creates a design complying with the requirement of originality referred to in Article 3 (A);

C. Any of the acts as stipulated in subparagraph 2 of paragraph (A) of Article 8 of this Chapter with respect to:

1. a similar design that is original and which was independently created;

2. a design or an integrated circuit incorporated in which is a design offered on the market by the rights holder or the rights holder approved offering of such; or

3. an integrated circuit that incorporates an illegally reproduced design or a product that incorporates such circuit and alleged infringer when acquiring such circuit or product was unaware and could not have been aware that such circuit or product contains a design that was illegally reproduced, in compliance with Article 10 of this Chapter."

42) Chapter Three*ter*, Article 10 is added to read as follows: "If a person commits an act stipulated in subparagraph 3 of paragraph (C) of Article 9 of this Chapter and the right holder had legally notified such person, then that person is entitled to dispose of the stocked products before being held liable provided that such person compensates the rights holder with a sum equivalent to reasonable revenues had such act been based upon a license between the parties."

43) Chapter Three*ter*, Article 11 is added to read as follows:

"A. Protection of the design shall be effective from the date the application for registration is filed in Iraq.

B. The period of the design protection is ten years from the date of first commercial exploitation anywhere worldwide, such period shall, however, not exceed fifteen years from the date of creation of the design."

44) Chapter Three*ter*, Article 12 is added to read as follows:

"A. Any third party is entitled to request the cancellation of the design in the following cases:

1. the design is unregistrable due to lack of any of the conditions stipulated in Article 3 of this Chapter; or

2. the application for registration does not include all the required information, or if such information or attached documents are contrary to the facts or in violation of the provisions of this Chapter.

B. The Registrar's decision to cancel the registration of the design in accordance with paragraph (A) of this Article may be appealed to the Court of Appeal within sixty days of notification."

45) Chapter Three*ter*, Article 13 is added to read as follows:

"A. 1. Design ownership may be transferred in whole or in part, with or without compensation. The design may have a lien against it or be levied, which shall be published in the Official Gazette.
2. Transfer of design ownership, liens or levies to a third party is effective only as of the date of registration in the Register.

B. Ownership of the design may be transferred by inheritance."

46) Chapter Three*ter*, Article 14 is added to read as follows: "Procedures for design ownership transfer, liens and levies on ownership and all legal procedures shall be stipulated by regulation issued by the Minister and published in the Official Gazette."

47) Chapter Three*ter*, Article 15 is added to read as follows: "The owner may license a third party to exploit the protected design according to a written agreement to be registered with the Registrar. The Registrar shall keep the agreement of the contract confidential."

48) Chapter Three*ter*, Article 16 is added to read as follows:

"A. The rights holder upon bringing suit to prevent infringement of the design or in anticipation of such a suit, may file a complaint with the competent court, with a bond, which the court shall accept for the following provisional measures:

1. Cease the infringement;

2. Seize goods subject of the infringement wherever it occurs; or

3. Preserve evidence related to the infringement.

B. 1. Before bringing a claim of infringement, the rights holder may, with a bond, request the court to order any the procedures provided for in paragraph (A)

of this Chapter, without notifying the defendant. The court may grant the rights holder's request if any of the following is proven:

- the design was infringed;

- infringement is imminent, and may cause irreparable harm; or

- the risk that the evidence will disappear or be damaged is great.

1. If the right holder does not file the lawsuit within eight days from the date of the court's order for precautionary procedures, the ordered procedures shall be deemed canceled.

2. The defendant may appeal the court's decision to order precautionary procedures to the Court of Appeals within eight days from the date of the defendant's notification of the decision. The Court of Appeals' decision shall be final.

3. The defendant may claim compensation for damages if it is proved that the plaintiff was unjustified in his claim for precautionary procedures or the plaintiff did not bring the lawsuit within the period prescribed in item 2 of this paragraph.

C. The defendant may seek compensation for the damages suffered, if the court concludes that the plaintiff's lawsuit is without merit.

D. The court may, in all cases, seek the opinions of experts and specialists.

E. The court may order the confiscation of the infringing products and the material and tools mainly used in infringement upon the design of these products. The court may also order destruction of these products, material and tools or dispose of them for any noncommercial purpose."

49) Chapter Three*ter*, Article 17 is added to read as follows: "The Minister shall issue the necessary regulations for implementing the provisions of this Law including fixing the fees to be assessed."

50) Chapter Three*ter*, Article 18 is added to read as follows: "The protection of layout designs of integrated circuits provided under this Law shall be extended to foreigners, whether natural or juridical persons, on a basis no less favorable than that accorded to Iraqi nationals with regard to the protection and enjoyment of such rights and any benefits derived from such rights."

51) Chapter Three*quater* is added following Chapter Three*ter* for the protection of new varieties of plants.

52) Chapter Three*quater*, Article 1 is added to read as follows: "The following words and phrases shall have the following meanings wherever mentioned in this Chapter, unless otherwise indicated:

- **The Ministry**: The Ministry of Agriculture.
- **The Minister**: The Minister of Agriculture.
- **The Plant taxonomy**: Plants gradation in the plant kingdom is from the group to the class to the family to the sort to the varieties.
- **The variety**: Any plant grouping within a single botanical taxon of the lowest known rank, which grouping, irrespective of whether the conditions for the grant of a breeder's right are fully met, can be defined by the expression of the characteristics resulting from a given genotype or combination of genotypes, distinguished from any other plant grouping by the expression of at least one of the said characteristics and considered as a unit with regard to its suitability for being propagated unchanged.
- **The protected variety**: The variety registered according to the provisions of this Chapter.
- **The education**: Breeding a new plant variety or discovering and developing such.
- **The breeder**: The person who bred, discovered or developed a new variety, or the legal successor to such person.
- **The Registrar**: The Registrar of the new plant varieties nominated by the Minister.
- **The Register**: The Register of the new plant varieties."

53) Chapter Three*quater*, Article 2 is added to read as follows: "The provisions of this Chapter shall become effective with respect to the varieties listed under the various plant denomination determined by the regulation issued in accordance with the provisions of this Chapter."

54) Chapter Three*quater*, Article 3 is added to read as follows:

"A. A Register shall be regulated in the Ministry under the supervision of the Registrar and shall be called the "Register of New Plant Varieties" in which all the data related to the new plant varieties shall be maintained. The name, the names and addresses of breeders, the registration certifications and the resulting procedures and dispositions shall be registered, including:

1. Any transfer, assignment or transfer of title, or licensing from its owner to third parties for use while taking into consideration the confidentiality included in the license contract; and

2. The mortgage or lien on the protected variety or any limitation for usage of such.

B. 1. The public shall have the right to view the Register and the documents related to the rights granted to the breeder and to view the growth tests or any other necessary tests as stipulated in this Chapter according to the instructions issued by the Minister and published in the Official Gazette; and

2. The data and other documents that are reproduced and maintained by the Registrar shall be considered to be the same as originals unless otherwise determined."

55) Chapter Three*quater*, Article 4 is added to read as follows: "The variety may be registered according to the following criteria:

A. If the variety is novel such that at the date of filing the registration application or at the date of the priority provided in paragraph (A) of Article 8 of this Chapter and according to what may be required, then plant propagating and harvesting materials of the variety have not been sold or otherwise transferred to others by or with consent of the breeder for purposes of exploitation of the variety:

1. For more than one year inside Iraq and for more than four years outside Iraq; or

2. For more than six years outside Iraq if related to trees or vines;

B. If such materials are distinctive so that the variety differs clearly from any other variety whose existence is a matter of common knowledge at the time of filing the application, considering that any filing of an application for the granting of plant variety protection or for the entering of another variety in an official register of varieties, in any country, shall be deemed to render that other variety a matter of common knowledge from the date of the application, provided that the

application leads to the granting of the right or to the entering of the said other variety in the Register, as the case may be;

C. If it is uniform subject to the variation that may be expected from the particular features of its propagation; or

D. If it is stable such that its relevant characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle."

56) Chapter Three*quater*, Article 5 is added to read as follows: "The right in registering the variety shall be as follows:

A. To the breeder or to whom the variety rights shall be transferred to;

B. To all persons participating in its education if it is an outcome of their joint effort provided that it is registered in equal shares among them, unless they otherwise agree;

C. To the breeder prior in filing the variety's registration application if such is educed by more than one person and if each person is independent from the other; or

D. To the employer if the variety is educed by the employee in accordance with an employment agreement in which the employee is obliged to undertake such education unless the agreement may provide otherwise."

57) Chapter Three*quater*, Article 6 is added to read as follows: "The variety shall be registered as follows:

A. The registration application shall be filed with the Registrar on the designated form indicating the plant taxonomy of the variety, the proposed denomination, and any other matters or data defined by the issued regulation pursuant to the provisions of this Chapter;

B. Registration shall not be permissible if the application contains more than one variety, and one fee is paid; and

C. If the applicant is not a citizen or resident of Iraq, then the applicant shall appoint an authorized agent in Iraq."

58) Chapter Three*quater*, Article 7 is added to read as follows:

"A. The date at which the Registrar received the application for registration shall be deemed as its filing date provided that it fulfills all the legal requirements and includes the applicant's identification information and a sample of the variety intended for registration.

B. If the Registrar discovers that the application does not fulfill the requirements determined in paragraph (A) of this Article, the applicant may either complete the application or make the necessary modifications within thirty days from the date of notification by the Registrar. The date the application is completed shall be considered the filing date. Where the application is not completed as requested, the Registrar shall have the right to consider the application abandoned, with an opportunity for appeal to the Court of Appeals within sixty days from the date of notifying the applicant."

59) Chapter Three*quater*, Article 8 is added to read as follows:

"A. 1. The applicant for plant variety registration shall include with the application, a claim for the right of priority based on a previous application filed in a country member of the World Trade Organization or other relevant international agreement to which Iraq is also a member provided that the application is filed in Iraq within a period not to exceed twelve months as calculated from the date following the first filing date.

2. If the application includes a priority claim pursuant to item (1) of this Article, the Registrar may ask the applicant, within three months from the filing date, to provide an exact copy of the documentation related to the first application approved from the office in which it was filed. The Registrar may ask the applicant within such period to provide any samples or other evidence which affirms that the variety subject of the first application is the same variety of the application related to the priority right. In such case, the filing date of the application shall be deemed as the same date on which the application was filed in the other country.

B. If the applicant is unable to demonstrate the claimed priority right in accordance with paragraph (A) of this Article, the application shall be registered on the date filed with the Registrar.

C. The applicant may ask for a grace period of two years after the expiration of the priority period to provide the Registrar with the necessary information, documentation and required materials in accordance with this Chapter for the purposes of examination pursuant to Article 9 of the Chapter. If the filed application in the other country was not accepted or was withdrawn, the applicant shall be given a grace period of six months from the date of rejection or

withdrawal of the application to provide the necessary information and documentation for the examination."

60) Chapter Three*quater*, Article 9 is added to read as follows:

"A. The variety may be subjected to a technical examination to verify the following:

1. It is listed under the plant taxonomy determined in its application; and

2. It fulfills the conditions of distinctiveness, uniformity and stability provided in paragraphs (B), (C) and (D) of Article 4 of this Chapter.

B. The examination provided in item (2) of paragraph (A) of this Article shall be carried out under the supervision of the Ministry by one of the following methods:

1. Pursuant to the growth and germination examinations and any other necessary tests carried out by a technical authority inside or outside Iraq if such examinations or tests have been done in environmental conditions comparable to those of Iraq; or

2. The Ministry shall carry out the examinations and tests cited in subparagraph (1), or at the expense of the breeder, designate an authority to perform the examinations or tests on its behalf.

C. A technical committee of those experienced and skilled in the art shall be established in accordance with instructions issued by the Minister and shall be asked to evaluate the results of the examinations and tests provided in paragraph (B) of this Article to comply with the procedures of registering the variety provided that such instructions shall include defining the other tasks of this Committee; how it shall work, make decisions and all related matters."

61) Chapter Three*quater*, Article 10 is added to read as follows:

"A. The Registrar shall ask the applicant to provide all the necessary information and documentation for undertaking the technical examination provided in Article 9 of this Chapter within the period defined in a regulation issued in accordance with this Chapter. If the applicant does not provide the requested information, the Registrar shall consider the application as abandoned; this decision may be appealed to the Court of Appeals within sixty days from the date of notification.

B. The standards provided in Article 9 of this Chapter shall be met in approving the application. Additional tests and examinations may be undertaken after registration to ensure the maintenance of the variety's uniformity and stability."

62) Chapter Three*quater*, Article 11 is added to read as follows:

"A. If the application fulfills all the conditions and requirements defined in this Chapter, the Registrar shall accept the application and grant the applicant preliminary approval that shall be published in the Official Gazette after collecting the established fees. The publication shall include the name of the variety and its plant class.

B. Any person shall have the right to object to the registration of any new variety within ninety days from the date of announcement of the preliminary approval in the Official Gazette.

C. Regulations shall be issued to determine the periods within which the publication shall be completed, data shall be published, procedures, and extensions of time for objecting to provisional approval, and other related issues."

63) Chapter Three*quater*, Article 12 is added to read as follows: "The applicant shall be given provisional protection during the period between the date of publication of the application in the Official Gazette and the date of registration of the variety. The applicant shall have the right during such period to use and make the variety, and be entitled to equitable remuneration from any person who, during this period, has carried out acts which, once the registration is granted, require the authorization of the breeder as provided for in Article 14."

64) Chapter Three*quater*, Article 13 is added to read as follows: "Unless an objection is made against the registration of the variety, or the objection against the registration is rejected, the Registrar shall register the variety and shall provide the breeder with a certificate after collecting the established fees."

65) Chapter Three*quater*, Article 14 is added to read as follows: "Taking into consideration the provisions of Articles 15 and 16 of this Chapter:

A. After registration of the variety, the following acts with respect to the propagating material of the protected variety shall require the authorization of the breeder:

1. production or reproduction (multiplication);

2. conditioning for the purpose of propagation;

3. offering for sale;

4. selling or otherwise marketing;

5. exporting;

6. importing; or

7. stocking for any of the purposes mentioned cited in this paragraph.

B. The authorization of the breeder shall be required to carry out the acts cited in paragraph (A) of this Article in respect of the harvested material, including the entire plants and parts of plants obtained through the unauthorized use of propagating material of the protected variety, unless the breeder has had reasonable opportunity to exercise the breeder's right in relation to the said propagating materials.

C. The provisions of paragraphs (A) and (B) of this Chapter shall be also applicable to the following varieties:

1. The varieties which are essentially derived from the protected variety where the protected variety is not itself an essentially derived variety. The variety is considered essentially derived from another variety according to the following criteria;

a) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety;

b) it is clearly distinguishable from the initial variety; and

c) except for the differences which result from the act of derivation, it conforms to the initial variety in the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety. If it is similar to the original variety as for its main properties resulting from the hereditary composite or a group of the hereditary composites for the original variety, except what is related to the differences resulting from the derivation;

2. The varieties which are not clearly distinguishable from the protected variety in accordance with paragraph (B) of Article 4 of this Chapter; and

3. The varieties whose production requires the repeated use of the protected variety.

D. It shall be permissible to obtain the essentially derived varieties as a result of the selection of a natural or induced mutant, or of a somaclonal variant, the selection of a variant individual from plants of the initial variety, backcrossing, or transformation by genetic engineering.

E. The third party's performance of the acts provided in paragraphs (A) and (B) of this Article shall be deemed as an infringement of the rights of the breeder and shall be subject to penalties if the defendant knew, or had reason to know, that the defendant infringed the rights of the breeder."

66) Chapter Three*quater*, Article 15 is added to read as follows:

"A. Notwithstanding Article 14 of this Chapter, the breeder's right shall not include the following acts of third parties for personal non-commercial purposes, for purposes of experimentation or education of new varieties.

B. Farmers shall be prohibited from re-using seeds of protected varieties or any variety mentioned in items 1 and 2 of paragraph (C) of Article 14 of this Chapter."

67) Chapter Three*quater*, Article 16 is added to read as follows:

"A. The breeder's right shall not include acts related to the materials of the protected variety, or to the materials of the protected variety, or to the materials of any variety covered under paragraph (C) of Article 14 of this Chapter, or to materials derived from these materials, and which the breeder has sold or marketed in any other form directly or with the consent of the breeder in Iraq, unless these acts include the following:

1. Further propagation of the relevant variety; or

2. Exporting of material of the variety, which enables the propagation of the variety, into a country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported material is for final consumption.

B. The word "material" wherever mentioned in paragraph (A) of this Article shall mean the propagation material of any kind, harvested material, including entire plants and parts of plants, and any product made directly from the harvested material."

68) Chapter Three*quater*, Article 17 is added to read as follows: "The term of protection for the protected variety shall be twenty years from the date of filing the application. With respect to trees and vines, the term of protection shall be twenty five years."

69) Chapter Three*quater*, Article 18 is added to read as follows:

"A. It shall be permitted to transfer, mortgage or lien all or some of the breeder's rights with or without compensation.

B. The right in the protected variety shall be transferred to the heirs by inheritance.

C. The procedure for transferring, mortgaging and placing a lien on the title of the protected variety and all relevant legal practices, including licensing for its use in accordance with instructions issued for such purpose by the Minister and published in the Official Gazette, shall be determined.
D. The transfer of title of the variety shall be considered as evidence against a third party only as of the date of registration of the transfer in the Register and its publication in the Official Gazette."

70) Chapter Three*quater*, Article 19 is added to read as follows: "It shall be permissible for the breeder to grant a license to a third party for use of the protected variety in accordance with a written contract that shall be registered with the Registrar."

71) Chapter Three*quater*, Article 20 is added to read as follows: "The variety's registration shall be nullified only according to the following criteria:

A. If it is proven that the conditions in Article 4 were not complied with at the time of the grant of the breeder's right;

B. If it is proven that where the grant of the breeder's right has been essentially based upon information and documentation furnished by the breeder, the variety is not uniform or stable at the time of the grant of the breeder's right; or

C. That the breeder's right has been granted to a person who is not entitled to it, unless it is transferred to the person who is so entitled."

72) Chapter Three*quater*, Article 21 is added to read as follows:

"A. The Registrar may cancel the variety's registration only according to the following criteria:

1. If it is demonstrated as a result of the technical examination provided in Article 9 of this Chapter, that the variety's uniformity and stability are no longer fulfilled;

2. If the breeder does not provide the Registrar with the information, documentation or materials deemed necessary for verifying the maintenance of the variety;

3. If the breeder fails to pay the annual fixed fees; or

4. If the breeder does not propose, where the denomination of the variety is cancelled after the grant of the right, another suitable denomination.

B. For the purposes of applying subparagraphs 2, 3 and 4 of paragraph (A) of this Article, the Registrar shall notify the breeder of the cancellation; the cancellation shall not be done except after the expiration of the period fixed by the issued regulation governing this Chapter."

73) Chapter Three*quater*, Article 22 is added to read as follows: "The Registrar shall register the decision of the registration nullity or its cancellation, which shall be published in the Official Gazette."

74) Chapter Three*quater*, Article 23 is added to read as follows: "Decisions shall be subject to appellate review to the Court of Appeals within sixty days from the date of the notification of the decision."

75) Chapter Three*quater*, Article 24 is added to read as follows:

"A. Each variety shall be registered with a denomination which will be its generic designation. The denomination may be composed of a word, a combination of words and numbers or a combination of letters and numbers, which may or may not have a meaning. The denomination shall not be composed of numbers except where this is an established practice for designating varieties.

B. A variety must be submitted to the Registrar under the same denomination used in other countries unless the denomination is considered unsuitable in Iraq.

C. It shall be prohibited to use or register a denomination that otherwise identifies another variety as it may cause confusion with the earlier-registered variety from the same plant genus or one closely resembling it. The denomination of the earlier-registered variety may be registered or known either in Iraq or in any other country. This prohibition shall remain in effect even after the expiration of rights in the variety as the denomination may have acquired a certain meaning related to the variety.

D. Taking into consideration paragraph (E) of this Article, anyone who, within Iraq, offers for sale or markets propagating material of a variety protected within Iraq shall be obliged to use the denomination of that variety, even after the expiration of the breeder's right in that variety.

E. Prior rights of third persons shall not be affected. If, by reason of a prior right, the use of the denomination of a variety is forbidden to a person who, in accordance with the provisions of paragraph (D), is obligated to use it, the Registrar shall require the breeder to submit another denomination for the variety.

F. It shall be permissible to associate a trademark, trade name or any similar indication with the registered variety denomination. If marketing a variety or offering a variety for sale, such denomination must be easily recognizable."

76) Chapter Three*quater*, Article 25 is added to read as follows: "It shall not be permissible to register the denomination of the variety if the denomination is:

A. In conflict with the provisions of this Chapter;

B. In conflict with the public order and morals; or

C. Misleads or causes confusion regarding the variety's characteristics, value or identity of the variety or the identity of the breeder."

77) Chapter Three*quater*, Article 26 is added to read as follows: "The proposed denomination for the variety shall be determined in the application and the procedures of registering the denomination, its publication and the periods related to such shall be determined by regulation issued according to the provisions of this Chapter."

78) Chapter Three*quater*, Article 27 is added to read as follows:

"A. The breeder of the protected variety, upon bringing suit to prevent the infringement of rights in the protected variety or in anticipation of such suit, may

file a complaint with the competent court, with by a bond, which the court shall accept for the following provisional measures:

1. Cease the infringement;

2. Seize goods subject of the infringement wherever it occurs; or

3. Preserve evidence related to the infringement

B. 1. The breeder of the protected variety, before bringing a claim of infringement, may, with by a bond, request the court to order any of the procedures provided in paragraph (A) of this Article, without notifying the defendant. The court may grant the breeder's request if the owner proves any of following:

- the breeder's rights have been infringed;

- the infringement is imminent and may cause irreparable harm; or

- the risk that the evidence will disappear or be damaged is great.

2. If the breeder of the protected variety does not file the lawsuit within eight days from the date of the court's order for precautionary procedures, the ordered procedures shall be deemed canceled.

3. The defendant may appeal the court's decision of precautionary procedures to the Court of Appeals within eight days from the date of the defendant's notification of the decision. The Court of Appeals' decision shall be final.

C. The defendant may seek compensation for the damages suffered if the court concludes that the plaintiff's lawsuit is without merit.

D. The court may, in all cases, seek the help of experts and specialists.

E. The court may order the confiscation of the infringing variety as well as the materials and tools substantially used in the infringement of the protected variety. The court may also decide to destroy the infringing variety as well as the materials and tools or to dispose of them in any noncommercial purpose."

79) Chapter Three*quater*, Article 28 is added to read as follows:

"A. The Minister shall issue the necessary regulations for implementing the provisions of this Chapter including determining the annual fees for renewing the registration, and other fees in accordance with the provisions of this Chapter.

B. The instructions referred to in this Chapter shall be published in the Official Gazette."

Section 2
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 82

IRAQI NATIONAL FOUNDATION FOR REMEMBRANCE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing that the Iraqi people have long suffered from terrible abuses of their fundamental freedoms and human rights,

Acknowledging that the Iraqi people are still uncovering long-hidden evidence of the brutality inflicted on them by the previous regime,

Noting that accounting publicly for the past atrocities and educating the Iraqi people about them will serve as a crucial safeguard against future abuses of fundamental freedoms and human rights,

Desiring that the establishment of monuments, memorials and other historical and artistic exhibitions will create a lasting record of the crimes committed against the Iraqi people, a tribute to Iraqi resilience and a caution to future generations,

I hereby promulgate the following:

Section 1
Purpose

The Iraqi National Foundation for Remembrance (the "Foundation") will take steps to ensure that the atrocities of the previous regime are memorialized so that current and future generations of Iraqis will understand and remember this dark period of Iraqi history and take those steps necessary to preserve an open and democratic government which protects human rights, fundamental freedoms and dignity.

Section 2
Establishment

1) The Iraqi National Foundation for Remembrance is hereby established.

2) The Foundation will consider proposals from across the nation on how best to memorialize the victims of these brutal atrocities and the sacrifices made by Iraqi individuals and the communities of Iraq. The Foundation will seek proposals to memorialize and commemorate, among others, those who suffered or lost their lives during the 1991 Intifada, the 1988 Anfal campaign and other massacres, the

1986-1988 chemical attacks, the "Arabization" and other forced relocation campaigns, the draining of the Marshlands, the 1999 Student Uprising in Najaf, as well as the many other atrocities committed by the previous regime against members of the political opposition in all ethnic and religious groups. The Foundation may obligate funds for selected proposals by grant or direct contracting.

3) The Foundation will publish and distribute widely requests for proposals for monuments, memorials, historical and artistic exhibitions (both permanent and traveling) and other programs to educate and inform the public. The selection criteria will be transparent and non-discriminatory and be included in all requests for proposals. The Foundation, by a majority vote of its Board of Directors, will choose the proposals to be funded from its budget after fairly and objectively evaluating each proposal submitted.

4) The Foundation will seek to raise private funds for establishing a national memorial museum in Baghdad. This museum will document, study and present publicly the history of atrocities suffered under the previous regime. The Foundation, by a majority vote of its Board of Directors, will decide on the acceptance of each private donation for the museum. The Foundation will adopt procedures providing for any solicitation and acceptance of funds for the museum, including procedures to ensure that no funds are accepted from donors who are seeking special benefits from or access to the Governments of Iraq through such donations, to ensure that no person or entity is advantaged or disadvantaged because of a donation or a failure to donate, and to ensure that any solicitation and acceptance of funds will be separate from any of the funding decisions authorized in Section 2(3) of this Order. The Foundation will ensure that funding for the establishment of this museum will not affect or influence in any way decisions made pursuant to Section 2(3) of this Order.

5) The Foundation will develop policies and implement programs as may be necessary to give effect to this Order.

6) The Foundation will seek the enactment of such legislation as necessary to protect and preserve memorials, monuments, other historical and artistic exhibitions and the museum.

Section 3
Organization

1) A Board of Directors, comprised of seven Directors, will guide the Foundation. The Administrator will appoint the Board of Directors after consultations with the

Iraqi Governing Council, other public figures, civil society and, as appropriate, relevant international experts.

2) Each Director will serve two-year terms. The terms of the Directors will be staggered, so that initially three directors will be appointed to one-year terms and four directors will be appointed to two-year terms.

3) The Board of Directors will select a Chairman and Vice Chairman from among its members. The Chairman will manage the activities and discussions of the Foundation and schedule, convene and chair all meetings of the Foundation. When the Chairman is unavailable, the Vice Chairman will assume these duties.

4) The Administrator will appoint an Executive Director after consultations with the Iraqi Governing Council. The Executive Director will report directly to the Board of Directors. The Executive Director will lead the daily operation of the Foundation. The Executive Director will serve a five-year term, which may be renewed once.

5) In the event of a vacancy on the Board of Directors or in the Executive Director position prior to June 30, 2004, by reason of death, resignation, or removal, then the Administrator will appoint a new director or Executive Director, as appropriate, in accordance with Section 3(1) or Section 3(4) of this Order. In the event of a vacancy after June 30, 2004 on the Board of Directors or in the Executive Director position by reason of the expiration of a term in office, death, resignation, or removal, a new director or Executive Director, as appropriate, will be appointed by the Iraqi head of government with the ratification of the body vested with national legislative authority. The Board, by a vote of six directors, may remove a director or the Executive Director for malfeasance, misuse of public funds, failure to fulfill Foundation duties or because of permanent incapacitation.

6) The Executive Director will organize the Foundation's personnel into such departments as is deemed necessary and appropriate.

7) The Executive Director may set up such regional offices as is deemed necessary, appropriate and cost-efficient to facilitate, implement, and coordinate the work of the Foundation at the local level.

8) The Foundation will have an Inspector General who will be appointed and will serve consistent with CPA Order No. 57 (CPA/ORD/5 February 2004/57). The Inspector General will report directly to the Executive Director except as provided for in Section 3(1) of the CPA Order No. 57 (CPA/ORD/5 February 2004/57).

9) The Board of Directors and the Executive Director may establish an advisory committee which could include, for example, the Minister of Culture, the Minister of Human Rights, the Director of the National Museum, and other experts who could provide expertise to the Foundation.

10) The Foundation should consult with relevant Iraqi governmental institutions, including the Ministry of Human Rights, the Ministry of Displacement and Migration, and the Ministry of Culture, to ensure that proposed programs are not duplicative and instead complement their efforts.

Section 4
Personnel and Administration

1) The Executive Director, in the name of the Foundation, may hire and employ personnel in accordance with Iraqi law, as amended by CPA Orders and Memoranda, and subject to established budget constraints. Such hiring will be consistent with CPA Order Number 1 (CPA/ORD/16 May 2003/01) and any authorized implementation thereof.

2) The salaries of Foundation personnel will conform to the salary structure applicable to Iraqi government employees.

3) All contracting by the Foundation, including project selection, will be conducted to the maximum extent practicable consistent with CPA Memorandum No. 4 (CPA/MEM/19 August 2003/04), including applicable conflict-of-interest rules, and any successor law on government procurement.

Section 5
Budget

The Executive Director will be responsible for developing and implementing the budget of the Foundation, while the Board of Directors will be responsible for approving the budget. The Foundation will coordinate with the Ministry of Finance regarding its budget.

Section 6
Durability and Precedence

This order will remain in force unless repealed by the Administrator or superseded by legislation duly enacted and having the force of law. This order will take precedence over all other laws and publications to the extent such other laws and publications are inconsistent.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.

4/28/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 83

AMENDMENT TO THE COPYRIGHT LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi intellectual property system as necessary to improve the economic condition of the people of Iraq,

Determined to improve the conditions of life, technical skills, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security,

Recognizing that companies, lenders and entrepreneurs require a fair, efficient, and predictable environment for protection of their intellectual property,

Noting that several provisions of the current Iraqi copyright legislation does not meet current internationally-recognized standards of protection,

Recognizing the demonstrated interest of the Iraqi Governing Council for Iraq to become a full member in the international trading system, known as the World Trade Organization, and the desirability of adopting modern intellectual property standards,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of the U.N. Security Council Resolution 1483,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1
Purpose

The purpose of this Order is to amend Copyright Law No. 3 of 1971 to ensure that Iraqi copyright law meets current internationally-recognized standards of protection, and to incorporate the modern standards of the World Trade Organization into Iraqi law.

Section 2
Amendments to Copyright Law

1) Article 1 of the Copyright Law No. 3 of 1971 ("the Law") is amended to read as follows:

 "1. This law protects the authors of original literary, artistic and scientific works, whatever their type, method of expression, importance and purpose.

 2. The person in whose name the work is published, whether by mentioning his name on the work or by any other means, shall be considered the author, unless there is evidence to the contrary. This provision shall apply to pseudonyms, provided there is not the least doubt as to the identify of the author."

2) Article 2 is amended to read as follows: "The protection shall include the works whose method of expression is in writing, sound, drawing, painting or movement, and in particular the following:

 1. Written works of all types
 2. Computer programs, whether in source or object code, which shall be protected as literary works
 3. Works conveyed verbally such as lectures, lessons, speeches, sermons and the like
 4. Works entered under the arts of drawing and painting with lines and colors, engraving, sculpture and architecture
 5. Dramatic works and musical plays
 6. Works performed by artistic movements or steps and are materially prepared for production
 7. Musical works, whether accompanied by words or not
 8. Photographic and cinematographic works
 9. Works prepared for radio and television
 10. Charts, drawings and scientific three-dimensional figures
 11. Public recitals of the Holy Koran
 12. Sound recordings
 13. Compilations of data"

3) Article 3 is amended to read as follows: "Protection shall include the title of the work, if it is characterized by originality and not indicative of the work's subject matter."

4) Article 6 is amended to read as follows: "Protection shall include the following where characterized by originality, arrangement or any other personal effort which deserves protection:

1. Collections which comprise various works of verse, prose, music and other collections, without affecting the copyrights of the author of each of these works
2. Collections of works which have fallen into the public domain
3. Collections of official documents, such as texts of international laws, regulations and agreements, judicial judgments and various official documents"

5) Article 8 is amended to read as follows: "The author holds the exclusive right to exercise the rights in his/her works. Without the written permission of the author or his/her successors, no person shall do any of the following acts:

1. Reproduce a work in any manner or form, whether transitory or permanent, including onto photographic (including cinematographic) film or onto a digital or electronic storage medium.

2. Translate, adapt, musically arrange or otherwise transform a pre-existing work.

3. Authorize commercial rental to the public of the original and copies of the work.

4. Distribute the original and copies of a work through sale or other transfer of ownership.

5. Import any copies of a work. This includes copies that were prepared with the permission of the copyright owner.

6. Transmit or otherwise communicate a work to the public by means of a recital, speech, lecture, display, acting performance, radio or television broadcast, cinema or any other wire or wireless means, including the making available to the public of works in a way that the members of the public may access the work from a place and at a time individually chosen by them."

6) Article 9 is suspended.

7) A new provision is supplemented between Articles 10 and 11 to read as follows:

"1. If the work was created on behalf of another person, the rights in the work shall revert to the author unless there is a written agreement stipulating otherwise.

2. Notwithstanding subparagraph (a), and in any other Law, if an employee created during his employment a work related to the activities or business of the employer, or uses the experiences, information, instruments or articles of the employer under the employee's own disposal in his attempt to create such work, the rights in the work shall be to the benefit of the employer, unless otherwise agreed upon in writing.

3. The rights in the work shall be to the benefit of the employee if the rights created by the same are not related to the business of the employer, and the employee does not use the experiences, information, instruments or raw materials of the employer in his attempt to create the work, unless otherwise agreed upon in writing."

8) Article 11 is suspended.

9) Article 15 is amended to read as follows: "Copying may not be made of serialized novels, short stories or other literary, artistic or scientific works published by their authors in the newspapers or periodicals, except with their permission."

10) A new provision is supplemented between Article 15 and Article 16 to read as follows: "Exceptions to exclusive rights of the author shall be confined to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."

11) Article 20 is amended to read as follows:

"1. The author's economic rights provided for in this Law shall be protected throughout the lifetime of the author and for 50 years from the date of his death.

2. The economic rights relating to works of joint authorship shall be protected throughout the lives of all co-authors and for 50 years from the death of the last survivor.

3. Where the copyright holder is a legal entity, the economic rights relating to the authors of collective works, other than authors of works of applied art, shall be protected for 50 years from the date on which the work was published or made available to the public for the first time, whichever comes first. Where the copyright holder is a natural person, the protection period shall be calculated according to the rule stipulated in subparagraph (a) and (b).

The economic rights relating to a work published for the first time after the death of the author shall expire after 50 years from the date on which the work was published or made available to the public for the first time, whichever comes first.

4. The economic rights relating to a work published anonymously or under pseudonym shall be protected for a period of 50 years, from the date on which the work was published or made available to the public for the first time, whichever comes first, unless the identity of the author is known and established or revealed by the author, in which case the term of protection shall be calculated according to the rule stipulated in subparagraph (a).

5. The economic rights of the author of a work of applied art shall expire after a period of 50 years from the date on which the work was published or made available to the public for the first time, whichever comes first.

6. In cases where the term of protection is calculated from the date on which the work was published or made available to the public for the first time, the term shall be calculated taking into consideration the date that comes first, regardless of any re-publication or making available to the public, unless substantial changes were made by the author in the work so that it may be considered as a new work. Where the work consists of several parts or volumes published separately and at intervals, each part or volume shall be considered as an independent work for the purpose of calculating the term of protection."

12) Article 21 is suspended.

13) Article 23 is suspended.

14) A new provision is supplemented between Article 34 and Article 35 to read as follows:

"1. Performers shall have the following exclusive rights:

(a) broadcasting and communication to the public of their unfixed performances except where the performance is already a broadcast performance and the fixation of their unfixed performances;

(b) authorizing the direct or indirect reproduction of their performances fixed in phonograms in any manner or form whether transitory or permanent, including digital electronic format;

(c) distributing to the public the original and copies of their phonograms containing the fixations of their performance through sale or other transfer of ownership;

(d) importing copies of their phonograms whether or not the phonogram was made with the performer's authorization;

(e) making available to the public, by wire or wireless means, any performance fixed in a phonogram, in such a way that members of the public may access the fixed performance from a place and at a time individually chosen by them.

2. Independently of a performer's economic rights, and even after the transfer of those rights, the performer shall, as regards his/her live aural performances or performances fixed in phonograms, have the right to claim to be identified as the performer of his/her performances, except where omission is dictated by the manner of the use of the performance, and to object to any distortion, mutilation or other modification of his/her performances that would be prejudicial to his/her reputation.

3. Performers shall enjoy an exclusive economic right for the exploitation of their performances for a period of 50 years calculated from the date on which the performance or the recording took place, as may be the case.

4. The producer of phonograms shall have the following exclusive rights:

(a) broadcasting and communication to the public of their unfixed performances except where the performance is already a broadcast performance and the fixation of their unfixed performances;

(b) authorizing the direct or indirect reproduction of their performances fixed in phonograms in any manner or form whether transitory or permanent, including digital electronic format;

(c) distributing to the public the original and copies of their phonograms containing the fixations of their performance through sale or other transfer of ownership;

(d) importing copies of their phonograms whether or not the phonogram was made with the performer's authorization;

(e) making available to the public, by wire or wireless means, any performance fixed in a phonogram, in such a way that members of the public may access the fixed performance from a place and at a time individually chosen by them.

5. Producers of sound recordings shall enjoy an exclusive economic right to exploit their recordings for a period of 50 years calculated from the date on which the recording was made or made public, whichever comes first.

6. Broadcasting organizations shall have the following exclusive rights:

(a) fix and record their broadcasts and to authorize direct or indirect reproduction of the fixations of their broadcasts

(b) rebroadcast their programs by wireless means and transmit them to the public.

7. Broadcasting organizations shall enjoy an exclusive right to exploit their programs for a period of 50 years calculated from the date on which the program was broadcast for the first time."

15) A new provision is supplemented between Article 34*bis* and Article 35 to read as follows: "In order to ensure that no hierarchy is established between rights of authors, on the one hand, and rights of at least performers and producers of phonograms, on the other hand, each Party shall establish that in cases where authorization is needed from both the author of a work embodied in a phonogram and a performer or producer owning rights in the phonogram, the need for the authorization of the author does not cease to exist because the authorization of the performer or producer is also required. Likewise, each Party shall establish that in cases where authorization is needed from both the author of a work embodied in a phonogram and at least of a performer or producer owning rights in the phonogram, the need for the authorization of the performer or producer does not cease to exist because the authorization of the author is also required."

16) Article 35 is suspended.

17) Article 36 is suspended.

18) Article 44 is amended to read as follows: "Each author whose rights in his work provided in accordance with the provisions of this law are infringed upon, shall be entitled to appropriate compensation. In deciding compensation, the cultural standing of the author, the literary, scientific or artistic value of the work and the extent the infringer benefited by exploiting the work shall be taken into consideration."

19) Article 45 is amended to read as follows: "Any act committed by any of the following shall be considered an act of piracy punishable by a fine of not less than 5,000,000 dinars and not exceeding 10,000,000 dinars."

20) Article 45(2) is amended to read as follows: "2. Whoever offers for sale, distribution or rental of an infringing work, transmits an infringing work to the public in any manner, uses an infringing work for material gain, brings an infringing work into or out of Iraq, knowing or having adequate reason to believe that the work is unauthorized."

21) The final paragraph of Article 45 is amended to read as follows: "In case of subsequent conviction, the offender shall be sentenced to imprisonment for a period not less than five years and not more than ten years and to a fine not less than 100,000,000 dinars and not more than 200,000,000 dinars or to any one of these penalties. The Court may also, in the case of subsequent conviction, order the closure, for a certain period or for good, of the establishment which has been used by the counterfeiters or their partners to commit the offense."

22) An additional paragraph of Article 45 is added to read as follows: "The Court may also order the forfeiture and destruction of all infringing copies or sound recordings and all implements, devices or equipment used in the manufacture of such infringing copies or sound recordings."

23) Article 46 is amended to read as follows:

"1. The Court may upon proper application by the copyright owner or any of his/her heirs or successors issue injunctive relief in relation to any infringement of the rights set forth in Articles 5, 7, 8, 10 and 34*bis* of this Law provided that the application contain a detailed and complete description of the work, performance, phonogram, or program against which the infringement occurred. The Court may decide to:

(a) Order the infringer to cease infringing activities;

(b) Confiscate the infringing copies and any materials and devices used in the commission of the infringement; and

(c) Confiscate the proceeds of the infringement.

2. The request may be presented before, during or after filing the lawsuit.

3. Upon verification that the petitioner is the owner of the right and that his rights have been violated or that a violation is imminent, the Court may apply any of the procedures provided for in subparagraph (a) of this Article on a provisional basis to prevent the occurrence of the infringement or to preserve some evidence related to the act of infringement.

4. In cases where delay may cause damage to the right holder which is difficult to calculate, or in cases where there is a proven risk that delay may lead to the loss of evidence related to the infringement, the Court may adopt any of the procedures stipulated in subparagraph (a) of this Article on a provisional basis without notifying the defendant and in his absence. The defendant shall be notified of the procedures adopted by the Court as soon as the procedure is implemented. The defendant may request a hearing within a reasonable period after his notification of the procedure. The Court shall decide to confirm, amend or nullify the provisional measure at the time of the hearing.

5. The request for application of provisional measures provided for in subparagraphs (c) and (d) of this Article must be accompanied by an adequate monetary guarantee to prevent abuse and to guarantee any damages which may occur to the defendant if the plaintiff is not justified in his claim.

6. Upon request of the defendant, the provisional measures applied prior to the filing of a lawsuit under subparagraphs (c) and (d) of this Article shall be nullified if the lawsuit is not filed within eight days from the date on which the Court issued the decision to apply the provisional measures.

7. In cases where the provisional measures applied in accordance with subparagraphs (c) and (d) of this Article are nullified due to a lapse of the filing period of the lawsuit, the default of the claimant, or based on evidence that there is no infringement or threat of infringement, the court may, upon the request of the defendant, order adequate compensation for the damages resulting from these procedures.

8. The Court may order the claimant who acted abusively in requesting any of the procedures listed in this article to adequately compensate the party against whom the procedures were taken for damages incurred as a result this abuse."

24) Article 47 is amended to read follows:

"In no case shall buildings and what they have in or on them of engravings, drawings, ornamentations or geometrical shapes be subject to seizure. Furthermore, no ruling shall order their destruction, the change of their features, or their confiscation for the purpose of safeguarding the copyrights of the architect whose designs were used for the building and whose drawings were put in them illegally. This shall not violate his right in obtaining fair compensation for the foregoing."

25) Article 48 is suspended.

26) Article 49 is amended to read as follows: "The provisions of this law shall apply to the works of Iraqi and foreign authors which are published, acted or presented for the first time in the Republic of Iraq, as well as to the works of Iraqi authors which are published, acted or presented for the first time in a foreign country. The protection of copyright and related rights provided under this Law shall be extended to foreigners, whether natural persons or legal entities, on a basis no less favorable than that accorded to Iraqi nationals with regard to the protection and enjoyment of such intellectual property rights and any benefits derived from such rights."

27) A new provision is supplemented between Article 49 and Article 50 to read as follows: "The provisions of this Law shall apply to works existing at the time it takes effect, provided the term of protection for those works have not yet fallen into the public domain in their country of origin."

Section 3
Entry into Force

This Order shall enter into force on the date of signature.

5/1/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 84

AMENDMENTS TO COALITION PROVISIONAL AUTHORITY ORDER NUMBER 37 (CPA/ORD/19 September 2003/37) and COALITION PROVISIONAL AUTHORITY ORDER NUMBER 49 (CPA/ORD/19 February 2004/49)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Determined to create conditions suited to the economic reconstruction of Iraq,

Determined to complete a broad review of taxes in Iraq, in order to improve the operation and efficiency of the tax system,

Recognizing that until such a review is completed an interim tax strategy is required,

Recognizing that these collections are for the benefit of the Iraqi people, and, as far as possible, are in accordance with the rules of assessment and incidence in effect under existing law,

Noting that CPA Order Number 37 established a new Tax Strategy for 2003 and that CPA Order Number 49 established a new Tax Strategy for 2004,

Emphasizing that effective administration of the Tax Strategy requires increased capacity of the Tax Commission,

Recognizing that additional time is needed to develop the infrastructure for effective tax collection,

I hereby promulgate the following:

Section 1
Purpose

The purpose of this Order is to revise the interim tax strategy to suspend the collection of taxes on income until the appropriate infrastructure can be established.

Section 2
Amendment to CPA Order Number 37

1) The introductory language of CPA Order Number 37, Tax Strategy for 2003 (CPA/ORD/19 September 2003/37), is amended to read as follows:

"Subject to Section 6 of this Order, the following taxes are suspended for calendar year 2003:"

Section 3
Amendment to CPA Order Number 49

The following amendments are made to CPA Order Number 49, Tax Strategy of 2004 (CPA/ORD/19 February 2004):

1) Section 2, Item 3 is amended to read as follows:

"The allowances as set forth in paragraphs (1) and (2) of this section shall be reduced by one-third during financial year 2004."

2) A new Item 4 is added to Section 2 to read as follows:

"Item (6) of Article 12 of Income Tax Law Number 113 of 1982 is amended to read as follows:

(6) Allowances shall not be granted for children who have completed the age of 18 years and have an independent income exceeding ID 200,000 per year, even if they are continuing their studies."

3) Section 3, Item 1 is amended by revising Article 13(1)(F) of Income Tax Law Number 113 of 1982 to read as follows:

"(F) The amounts delineating the tax brackets as set forth in paragraphs (A) and (B) shall be reduced by one-third for financial year 2004."

4) A new Item 4 is added to Section 3 to read as follows:

"4) Article 19(1) of Income Tax Law Number 113 of 1982 is amended by changing "20%" to "15%"."

5) Section 8, Item 1, is revised to read as follows:

"All income tax for assessed income resources detailed in Article 2 of Income Tax Law Number 113 of 1982, as amended. Income tax for assessed income resources with regard to individuals detailed in Article 2 on Income Tax Law Number 113 of 1982, as amended, are suspended from January 1, 2004, until April 30, 2004;"

6) Section 11, Item 2(a), is amended by deleting the last sentence, which reads "If an employee of the public sector has more than 4 children, he or she shall be entitled to an additional exemption of ID 200,000 per child."

Section 4
Amendment to the Civil Pension Law

Article 5(1)(a)-(d) of Law Number 33 of 1966 on Civil Pensions is amended to read as follows:

"There shall be deducted from the pay of an official the contribution towards the pension for the period of his pensionable service according to the following rates, provided that no deduction shall be made for any period in which his service was not a pensionable one nor for periods of leave enjoyed without pay, nor for periods of leave at half pay. These rates shall be applied on the period of service that started after the date of the coming into force of this Law.

(a) 1% of the salary, if the official's gross salary was 69,000 dinars or more, but less than 204,000 dinars.
(b) 4% of the salary, if the official's gross salary was 204,000 dinars or more, but less than 574,000 dinars.
(c) 7% of the salary, if the official's gross salary was 574,000 dinars or more, but less than 1,500,000 dinars.
(d) 10% of the salary, if the official's gross salary was 1,500,000 or more."

Section 5
Relation to Existing Law

Any provision of Iraqi law that is inconsistent with this Order is suspended to the extent of such inconsistency.

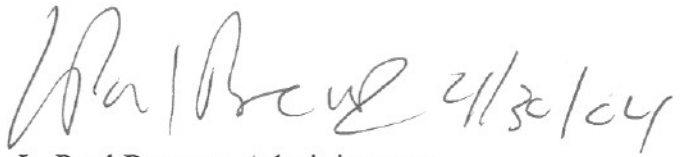
Section 6

Administrative Instructions

The Administrator of the Coalition Provisional Authority or his delegee may issue Administrative Instructions to give effect to this Order.

Section 7
Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 86

TRAFFIC CODE

Pursuant to my authority as the Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant UN Security Council resolutions including Resolutions 1483 and 1511 (2003),

Having worked closely with the Baghdad General Directorate of Traffic to ensure that an updated traffic code addresses the motor vehicle related issues of Iraq,

Noting the substantial increase in traffic since the end of the war, in particular in Baghdad, and the absence of an enforceable traffic code since the fall of the regime of Saddam Hussein,

Recognizing the CPA's obligation to maintain law and order, and to provide for the effective administration of the laws of Iraq,

Determined to provide traffic officials with the tools necessary to deal with traffic problems, motor vehicle registration and motor vehicle licensing, and

Determined further to eliminate corruption engrained in the traffic law enforcement system under the previous regime, and protect the rights of all motor vehicle owners and operators,

I hereby promulgate the following:

Section 1
Definitions

1) "Motor Vehicle" or "Vehicle" means a form of transportation which has wheels and is powered by a mechanical engine or physical power or is dragged by any means. For the purposes of this order the term vehicle does not include trains or any vehicles that operate on a railway. The term vehicle shall include the following:

 a) "Car" means a vehicle used for transportation powered by a mechanical engine;

 b) "Private car" means a vehicle used for transporting persons without charge or fees;

 c) "Public car" means a vehicle used for transporting persons in return for a charge or fees;

d) “Truck” means a vehicle used for transporting people along with cargo and goods, including pick-up trucks;

e) “Agricultural vehicle” means a vehicle used for agricultural purposes and powered by a mechanical engine, such as tractors, harvest machines, etc;

f) “Construction vehicle” means a vehicle used for construction purposes and powered by a mechanical engine such as a road paver, crane, etc;

g) “Motorcycle” means a two or three wheeled vehicle powered by a mechanical engine of 125 cc or more not designed in the form of a car;

h) “Bicycle” means a vehicle with two or three wheels designed to be operated by human power and not by a mechanical engine; not to include children’s bicycle. Any vehicle powered by a mechanical engine of less than 125 cc but with the size, design and form of a bicycle shall be considered a bicycle for the purpose of this section;

i) “Wagon” means a vehicle used for transporting persons or goods which is dragged by a human or an animal; and

j) “Trailer” means a dragged vehicle with no mechanical engine designed for loading or carrying cargo, goods, or anything else. It may be separated from or attached to a vehicle powered by a mechanical engine and dragged.

2) “Driver” means any person who drives a vehicle and possesses a driver’s license.

3) “Driver’s license” means a certificate for driving a vehicle which is issued by a registration officer.

4) “Database for driver’s licenses” means the system which is used to record all proceeding concerning driver’s licenses.

5) “Registration Officer” means the Director General of Traffic or his/her agents and/or designees.

6) “Registration Database” means the system used to record all matters concerning the registration of vehicles.

7) “Registration Certificate” means the certificate which is issued by the registration officer to the vehicle owner and which shall contain, at a minimum, the following information:

a) motor vehicle registration number and type of the vehicle;

b) name and address of the owner of the vehicle;

c) chassis number;

d) engine number;

e) color;

f) date of issuance;

g) expiration date;

h) number of passengers and cargo;

i) model.

8) "Registration Plate" means a metal plate carrying information that distinguishes a vehicle from other vehicles.

9) "Traffic police officer" means an internal security policeman who carries the rank of lieutenant or higher authorized by the Minister of Interior or his/her designee to enforce the provisions of this code.

10) "Road" means any area, paved or unpaved that is designed or ordinarily used for vehicular and pedestrian travel as further defined in Section 14 of this Code. May be divided into multiple lanes for traffic to travel in the same direction or in the opposite direction.

11) "Shoulder" means that area immediately next to the side of a road.

12) "Emergence lane" or "Breakdown lane" means a part of the road on both sides that may be paved or unpaved. It is not more than 2.5 meters wide to permit vehicles to stop or park to allow passengers to enter or exit the vehicle. It the road is paved, it shall be separated from the road by a straight line to indicate the edge of the road. It is used ordinarily on highways.

13) "Lane" means one section of a road that is divided into two or more lanes permitting travel in opposite directions. Lanes are designated by either broken or unbroken lines.

14) "Passage" means a part of a lane designed to permit vehicles to proceed in one column. The lane usually has three passages. In some conditions these passages increase and decrease according to the kind of road. These passages are:

a) Left passage: Designed for traffic traveling at the maximum speed allowed by law, turning, or passing to the left side by emergency vehicles;

b) Middle passage: Designed for traffic traveling between the minimum and maximum speeds allowed by law; and

c) Right passage: Designed for traffic traveling at minimum speed allowed by law, right turns, where authorized, and parking.

d) Emergence passage or Breakdown lane: Farthest most left or right passage of the highway separated from traffic movement by connected lines designed for emergency parking. (Based on #12 definition.)

15) "U-turn lane" means the part of the road designed and authorized for turning through the median to the opposite side.

16) "Intersections of roads" means where two or more roads intersect.

17) "Parking" means stopping a vehicle for a limited period of time due to traffic conditions or for purposes of allowing passengers to enter, exit, or load or unload cargo as permitted by traffic signs, markings or signals.

18) "Maneuver" means the movement required to drive the car and choose the appropriate lane.

19) "Traffic priority" or right of way means vehicles must yield to the vehicle assigned priority as stated in Section 17.

Section 2
Production and Classification of Driver's Licenses

1) Any individual who is driving will carry the driver's license issued to that person. Upon demand of a traffic police officer, a person who is driving a vehicle shall produce the driver's license to that person.

2) Driver's licenses will be classified according to the type of vehicle to be driven. Those classifications will be established by the Minister of Interior. A driver is permitted to drive only those vehicles covered by his/her license classification.

Section 3
Driver's License Eligibility Criteria

1) A driver's license shall be granted to any person who meets all of the following criteria:

a) The person must have completed his/her sixteenth year of age to drive a motorcycle, eighteenth year of age for all private vehicles, and twenty first year of age to drive public cars and trucks;

b) The person must not be prohibited legally from driving a vehicle;

c) The person must be of good physical fitness. The person's fitness for driving must be approved by a medical committee according to regulations issued by the Ministry of Health, Baghdad; and

d) The person must pass a test on vehicle driving and traffic rules according to the type of driver's license for which the person has applied.

2) A traffic police shall revoke a driver's license from a driver who does not meet the conditions stipulated in paragraphs 1b) and c) of this section.

3) When renewing a license, the conditions mentioned in paragraphs 1b) and c) of this article must be taken in consideration.

4) A person who is not a citizen of Iraq may be granted a private driver's license according to the provisions of paragraph 1 of this article on the condition that he/she is residing legally in Iraq in compliance with his/her residence documents.

5) A driver's license issued and valid in any other country shall be considered valid in Iraq according to the principle of reciprocity.

6) The period of validity for a driver's license is five years.

Section 4
Exemptions

1) Accredited diplomatic and consular staff, upon presentation of an international driver's license or a valid driver's license issued by his/her country or origin to the Ministry of Foreign Affairs, will receive authorization to drive in Iraq.

2) Members of the Multinational Force, their contractors and employees carrying a valid operator's license from another nation will not be required to acquire an Iraqi operator's license or present their operator's license to the Minister of the Interior.

Section 5
Vehicle Registration

1) All vehicles must be registered with the registration office except wagons and bicycles, or those exempted by special law.

2) No vehicle will be issued a registration certificate unless an inspection document is presented indicating that the vehicle was inspected at an authorized inspection facility and it meets safety qualifications.

3) When transferring the ownership of a vehicle to another person, the previous owner and the new owner or their legal representative must appear before the registration officer to inform him/her of the transfer. The previous owner and the new owner must pay transfer fees. The registration officer shall record the transfer in the registration record.

4) The Minister of Interior or his/her designee may authorize the transfer of a vehicle registration for humanitarian reasons in order to certify the transfer of the vehicle ownership.

5) The registration record (computerized or other) shall be presumptive evidence of the ownership of a vehicle.

6) The judiciary shall be competent to settle disputes concerning the ownership of vehicles.

7) A vehicle sale shall not be valid unless the vehicle is registered at the competent registration office in accordance with paragraph 3) of this section or unless otherwise exempted by law.

8) The period of validity of the vehicle registration is five years.

Section 6
Driver's License and Registration Fees

The Ministry of Interior Directorate of Traffic will establish fees for issuing and renewing driver's licenses and vehicle registrations. These fees are set out in Annex A to this Traffic Code.

Section 7
Exemptions from Vehicle Registration Fees

1) The following vehicles owners are exempt from paying vehicle registration fees:

a) Vehicles that belong to the Government, or official or semi-official departments;

b) Vehicles owned by accredited diplomatic and counsular staff according to the principle of reciprocity;

c) Vehicles owned by charitable organizations and organizations which are considered to be a public interest as determined by the Minister of Interior of his/her designee;

d) Vehicles owned by international organizations with an exemption certificate issued by the Ministry of Foreign Affairs;

e) Vehicles that enter Iraq by Trip Ticket or pass note issued in accordance with customs laws permitting the person and vehicle to stay in Iraq for a designated period of time. Vehicles permitted to enter Iraq under this section must obtain a permission document from a registration officer; and

f) Vehicles operated by Multinational Forces, their contractors and employees.

Section 8
Changing Color or Classification of Vehicle Registration

1) A vehicle owner must obtain approval from the registration officer if he/she intends to change the vehicle's color.

2) A vehicle owner may request a change in the classification of a vehicle from private to public or from public to private by presenting a request to the registration officer and obtaining an amended registration certificate.

3) The Minister of Interior or his/her designee may establish additional rules and regulations to facilitate vehicle registration.

Section 9
De-Registration

1) If a person elects not to renew a driver's license or if the vehicle owner elects not to renew the registration certificate, the person must inform the registration officer and return the driver's license or registration certificate so that it may be cancelled and recorded. A driver's license or registration certificate so that it may be cancelled and recorded. A driver's license or registration that has been cancelled cannot be renewed. Operation of an unregistered vehicle is prohibited.

2) In the event of the death of a person who was issued a driver's license, his/her heirs must notify a registration officer of the person's death and return the driver's license.

Section 10
Discretion of the Minister of Interior to Alter Fees

The Minister of Interior in coordination with the Minister of Finance may increase or decrease fees and fines as reasonable and necessary, and according to economic conditions.

Section 11
Use of Proceeds from Fees

Half of the revenue from license fees, registration fees, and fines stipulated in this law shall be allocated to the budget of the Ministry of Interior to be used for expenditures related to traffic safety. The remaining fifty percent of the revenue shall be allocated to the general revenues of the Ministry of Finance.

Section 12
Unregistered Vehicles

Unregistered vehicles shall not be driven, except those exempted under this Code or other law, treaty or this order. If a vehicle is unregistered, the traffic police officer shall seize the vehicle until it is registered and the owner shall pay all expenses. If the owner is not able to prove the date of entrance into Iraq the vehicle shall be referred to customs.

Section 13
Safety Standards

1) Traffic police officers shall stop and inspect a vehicle, in accordance with applicable laws and regulations, when the vehicle does not meet safety standards.

2) Vehicles – The following equipment on vehicles must meet or exceed minimum safety standards:

 a) Engine;

 b) Steering – must be located on the vehicle's left side, unless exempted;

 c) Lights – front, rear, reverse, hazard, and turn signals;

 d) Horn – shall be factory installed or equivalent;

e) Exhaust system;

f) Brakes;

g) Mirrors – side and rearview;

h) Windshield;

i) Registration plate illumination or reflective plates; and

j) Shatterproof glass on windows and windshield.

3) Motorcycles – the following equipment on motorcycles must meet or exceed minimum safety standards:

a) Engine;

b) Brakes;

c) Horn shall be factory installed or equivalent;

d) Lights: front, rear, reverse, hazard, and turn signals;

e) Exhaust system; and

f) Mirrors.

4) Agriculture, construction vehicles, and trailers – the following equipment on agriculture and construction vehicles must meet or exceed minimum safety standards.

a) Engine;

b) Brakes;

c) Steering; and

d) Lights: front, rear, reverse, hazard, and turn signals.

Section 14
Road Types

Iraq has the following road types:

a) Expressway – Limited access highway composed of two or more traffic lanes traveling in two directions designed to eliminate the principal traffic hazards.

b) Divided highway – Road composed of two paved lanes separated by a protective fence or other divider. Points of entrance and exit are not designed for turn around except for emergency vehicles;

c) Secondary – Not designed for pedestrians, bicycles or any transport vehicle traveling at less than the minimum speed limit.

d) Outside roads – Roads that link governorates.

e) Internal roads – Roads used inside a city, divided into major and minor. Major roads are wider to allow for heavy traffic.

f) Service roads – Roads that serve the surrounding areas and are separated from major roads.

Section 15
Driving Regulations

All road users shall comply with the regulations set out in Annex A of this Traffic Code.

Section 16
Regulations Pertaining to Different Road Users

Road users are divided into three categories - Pedestrians, Passengers and Drivers. Regulations pertaining to these road users are contained in Annex A.

Section 17
Right of Way

1) Traffic priorities shall be as follows unless otherwise directed by a traffic police officer or traffic signs:

 a) Obey the signs given by traffic police officers, the traffic lights and traffic signs on the road;

 b) Moving vehicles have priority over stopped vehicles;

 c) Vehicles operating on a major road have priority over vehicles operating on a minor street;

d) Vehicles operating on the straight portion of a road has priority over vehicles operating on a curved portion of the road;

e) Vehicles operating in front have priority over vehicles behind it;

f) Vehicles in the intersection or crossroad have priority over vehicles approaching the intersection of the crossroad, unless turning left;

g) At an intersection or crossroad, vehicles coming from the right have priority;

h) Vehicles going up a gradiant have priority over vehicles descending a gradiant;

i) Vehicles traveling in the lane or passage have priority over vehicles that intend to move into the lane; and

j) Trains or other means moving on a railway have priority over other vehicles.

2) Emergency vehicles have priority over all other vehicles when they are on duty. The following are emergency vehicles:

a) ambulances;

b) fire and rescue vehicles;

c) police vehicles;

d) vehicles of the Directorate of Traffic;

e) vehicles involved in official ceremonies;

f) vehicles of members of Multinational Forces operating in accordance with United Nations Security Council Resolutions; and

g) any vehicle being used for emergency purposes.

3) Pedestrians in a crossing zone have priority over vehicles.

4) A vehicle is not allowed to occupy two lanes of a road in which priority is for others.

Section 18
International Traffic Signs

The international traffic signs, including traffic signs, markings and signals as stated in international treaties are observed by Iraq.

Section 19
Fines for Motor Vehicle Violations

The Ministry of Interior Directorate of Traffic will establish fines for motor vehicle violations. These are contained in Annex A.

Section 20
Traffic Police Powers and Right of Appeal

1) No police officer, including traffic police officers, shall ask for or accept money or any form of payment for any type of traffic violations. All amounts and fines shall be paid directly to the accounts officer at the police sector headquarters within 30 days of the date of violation.

2) Traffic police officers, as defined in section 1, paragraph 9 of this Code shall have the authority of a misdemeanor judge in imposing punishments for the violations that occur before him and which are stipulated in paragraph 27 of Annex A of this Code. All other offenses, including any for which the punishment is jail, will be referred to the appropriate court (not the Appeal Committee).

3) In the case of a person not paying the fine within the period stipulated in paragraph 1 of this section the fine shall be doubled for one time and entered in the computer record of the vehicle.

4) The violating driver, upon payment of the administrative fee of five thousand (5,000) ID, shall have the right to appeal to the Appeal Committee formed for this purpose in the competent Traffic Department. The rules of this Appeal Committee are to be established by the Minister of Interior. Members of the Appeal Committee are to be appointed by the Minister of Interior or his/her designee and shall include the following: an officer from the Internal Affairs Division, a representative from the City Council, a representative from the community. Appeals shall be filed within two weeks from the date of offense. The Appeals Committee shall have the right to adjust, to cancel or to approve the fine.

5) If the driver appears before the Appeals Committee, he/she shall be informed by the Appeals Committee of the decision. The driver must acknowledge receipt of the decision. If the driver does not appear before the Appeals Committee, then he/she shall be considered informed of the

decision by mailing to the decision to the address recorded on the driver's license.

6) If the driver who commits a violation according to paragraph 21 d of Annex A of this Code drives a car that belongs to a Government office, official, or semi-official office and fails to pay the fine within the fixed period, then a traffic police officer shall inform his/her office to pay the fine from his/her salary. And the amount is to be sent to the competent Traffic Directorate.

7) If the driver who commits a violation according to paragraph 21 d of Annex A of this Code drives a car with the customs entry registration plates and did not pay the fine during the fixed period, then the traffic police officer shall inform the customs department in order to send the sum to the competent Traffic Directorate.

Section 21
Unlicensed Drivers

1) A driver who drives a vehicle without having a driver license or whose driver's license has been cancelled, or suspended or who has a license different from the type of vehicle he/she is driving, will be punished by a period of incarceration of no less than one month and not to exceed six months.

2) A person who owns a vehicle and who knows or should have known that another person does not possess a driving license shall not permit that person to drive his/her vehicle. A driver who violates this section will be punished by a period of incarceration for not less than one month and not to exceed six months or a fine of not less than one hundred thousand (100,000) ID and not to exceed one hundred and fifty thousand (150,000) ID or both

Section 22
Impaired Driving

1) A driver who drives while under the influence of alcohol or drugs will be punished by a period of incarceration of not less than three months and not to exceed one year or a fine of not less than three hundred thousand (300,000) ID and not to exceed five hundred thousand (500,000) ID, or both, and seizure of the vehicle for one year. The driver's license will be revoked for not less than two months and not to exceed one year.

2) A driver who within one year from the date of sentence on a first violation under this section commits a second violation of the provisions of paragraph 1) of this section will be punished by a period of incarceration not less than six months and not to exceed one year, or a fine of not less than five hundred thousand (500,000) ID and not more than one million

(1,000,000) ID, or both, and his/her driver's license will be revoked for a period of time not less than six months and not to exceed one year.

Section 23
Careless/Reckless Driving

1) A driver is guilty of negligent driving by operating a vehicle in a careless or imprudent manner that endangers any person or property by causing serious property damage, personal injury, or permanent disability or defect. A driver who violates this section will be punished by a period of incarceration not less than six months and not to exceed two years, or a fine not less than four hundred thousand (400,000) ID and not to exceed one million (1,000,000) ID, or both.

2) If the offense is due to reckless driving, or under the influence of alcohol or drugs, and if the driver does not request help for any person injured as a result of his/her actions, then the driver will be incarcerated for not less than one year and not to exceed 3 years, or a fine not less than five hundred (500) ID and not to exceed one million (1,000,000) ID, or both.

Section 24
Causing Death by Dangerous Driving

1) A driver who causes the death of another by driving his/her vehicle in a careless and imprudent manner will be punished by a period of incarceration of not less than five years and not to exceed seven years, or a fine of not less than one million (1,000,000) ID and not to exceed one million, five hundred thousand (1,500,000) ID, or both.

2) If a driver commits the crimes stipulated in section 22, paragraph 1 and causes the death of one or more persons, or causes the death of a person and causes physical illness, damage, or permanent defect to more than one person, then the driver will be punished by a period of incarceration of not less than seven years and not to exceed 10 years, or a fine of not less than one million, five hundred thousand (1,500,000) ID and not to exceed three million (3,000,000) ID, or both.

3) A driver who causes the death of another person by driving a vehicle in a reckless and negligent manner and was under influence of alcohol, or who flees the scene of the accident and does not notify the competent authorities of the accident will be punished for a period of incarceration of not less than seven years and not to exceed 10 years, or a fine of not less than three million (3,000,000) ID and not to exceed five million (5,000,000) ID, or both.

4) If the offense indicated in paragraph 3 of this section caused the death of one or more persons, or the death of one person and caused physical damage, illness, or permanent defect to more than one person, then the driver will be incarcerated for not less than 10 years and not to exceed 20 years, or a fine of not less than five million (5,000,000) ID and not to exceed seven million (7,000,000) ID, or both.

Section 25
Pedestrian Crossings

1) It shall be considered an aggravating circumstance for the punishments stipulated in sections 23 and 24 of this Code if the accident takes place in the area of a pedestrian crossing where there are signs for crossing pedestrians, if the driver doesn't help the injured person by transferring him to hospital, or if the driver leaves the scene of the accident without permission from the traffic police officer.

2) It shall be considered extenuating circumstance for the punishments stipulated in sections 23 and 24 of this Code if the accident takes place outside of a pedestrian crossing area, if the driver transfers the injured person as soon as practicable to a hospital, or if he/she informs the police station of the accident.

Section 26
Interfering With or Assaulting Traffic Officials

1) Anyone who interferes with or threatens a traffic police officer while he/she is performing his/her duties shall be punished by a period of incarceration not to exceed two years.

2) Anyone who assaults a traffic police officer while he/she is performing his/her duties shall be punished by a period of incarceration not to exceed three years.

3) Anyone who assaults a traffic police officer while he/she is performing his/her duties and causes a wound or injury shall be incarcerated for a term not to exceed five years. The punishment shall not violate any other more severe punishment stipulated in any other law.

Section 27
Suspension of Driver's Licenses

When the court issues a conviction judgment in accordance with the provisions of this Code, it may suspend the driving license of the convicted person for a period of not less than one year and not to exceed three years. If the driver is

unlicensed, then the court may prevent him/her from getting a driver's license for three years starting from the date of judgment or the date of the fine.

Section 28
Application of Severest Available Punishment

If any other law stipulates a more severe punishment for an act stipulated in this law, then the more severe punishment may be applied.

Section 29
Admissible Evidence

The following evidence is admissible at trial for an offense under the Traffic Code if the court finds it is relevant: pictures, statements and decisions taken by means of checking and measuring the degree of intoxication, a plan for the accident that is organized by a traffic police officer whose rank shall be Sergeant, forensics reports, video/surveillance camera tape, sketches, and recorded statements.

Section 30
Issuance of Receipt Sufficient for Court Notification

Issuance of a Receipt for Seized Driver's License by the traffic police officer shall be considered notification to appear before the designated court.

Section 31
Maximum Period of Seizure of Vehicle

When a driver commits a violation of the provisions of paragraph 21 of Annex A, section 21, section 22 or section 24 of this Code, the traffic police officer shall have the authority to seize the vehicle for no more than 10 days subject to a valid third party claim.

Section 32
Impounding of Vehicles

1) When ordered by a judge, the traffic police must tow away any vehicle to be seized and deposit it with a third person, who is authorized to perform this type of duty, at the expense of the vehicle's owner until the legal procedures are completed in accordance with a judicial or executive decision.

2) If a vehicle is illegally parked, creating a hazard or otherwise impeding the movement of traffic, the traffic police officer has the authority to tow such vehicle at the expense of the vehicle's owner.

3) Traffic patrols are not responsible for any damages caused to the vehicle during the tow or seizure.

Section 33
Promotion of Traffic Safety

The Minister of Interior or his/her designee may appoint such committees as necessary to facilitate and promote traffic safety.

Section 34
Implementation of the Traffic Code

1) The Minister of Interior or his/her designee may issue such statements, rules, and instructions as necessary to implement the provisions of this law.

2) The Director General of Traffic may issue a statement according to the Code in the following matters:

 a) Assigning the direction of traffic on the public roads;

 b) Fixing the shape and dimensions of the registration plate, driver's license, and the vehicle registration along with the color and contents;

 c) Implementing the provisions of the international treaties to which Iraq is a signatory related to the Traffic Code; and

 d) Testing procedures and information used to approve an application for a driver's license.

Section 35
Road Safety Training

1) The Traffic Division in each Governorate shall reserve a week every year to try to focus the public's attention on traffic safety, which reduces accidents.

2) In cooperation with other related offices, the Traffic Division in each Governorate shall prepare appreciation certificates for drivers who do not commit any traffic violations in 20 years.

Section 36
Issuance of Regulations by Minister of Interior

Regulations regarding the following matters shall be issued by the Minister of Interior:

a) Teaching the vocation of driving cars;

b) Inspecting and checking vehicles by private garages; and

c) Dimensions for color of and the placement of the registration plate on the vehicle, and who will manufacture such registration plates.

Section 37
Revocation of Previous Traffic Laws

This Traffic Code revokes and replaces the following previous traffic laws:

a) Traffic Law number 48 of 1971 and all amendments from whatever source, including but not limited to: the Revolutionary Command Council, the Ministry of Interior, and the Office of Traffic Directorate.

Section 38
Entry into Force

This law shall enter into force on the date of signature.

5/20/04

L. Paul Bremer, Administrator,
Coalition Provisional Authority

ANNEX A

DRIVING AND VEHICLE REGULATIONS, VEHICLE REGISTRATION FEES AND FINES FOR MOTOR VEHICLE VIOLATIONS

Regulations Pertaining to Different Road Users

1. Pedestrian road users are to abide by the following regulations when walking along the road:

a) Pedestrians must walk on the sidewalk of a road;
b) If no sidewalk is available, pedestrians must walk safely, close to the left edge facing traffic. If pedestrians are walking in a group, they should walk in single file;
c) Pedestrians walking during darkness or cloudy weather shall wear light or reflective clothing.

2. Pedestrians crossing roads and passing to the opposite side of the road shall be conducted according to following conditions:

a) Pedestrians shall cross roads from designated areas such as marked cross walks, bridges, tunnels and traffic light controlled pedestrian cross places. If these are not available, pedestrians shall cross according to the following: stop at the sidewalk of the road, look left, then right, then left and pass smoothly and quickly. If the road contains a median divider, the crossing procedure shall be repeated as looking right and left then right;
b) Pedestrians shall not cross from between parked vehicles for it is not easy for drivers to observe pedestrians;
c) Pedestrians crossing one way roads or lanes shall make sure of traffic direction;
d) Pedestrians crossing roads shall attempt to cross in illuminated areas.

3. Passengers - The following regulations should be observed when entering and exiting vehicles:

a) Passengers shall enter and exit only from fully stopped vehicles in designated or otherwise safe locations;
b) Passengers seeking to cross after exiting a bus, shall wait until the bus has moved and the driver is able to observe the road;
c) Passengers seeking to exit a bus or hire vehicle must inform the driver at adequate distance to permit a safe stop.

4. Drivers – The following regulations should be observed when driving:

a) The driver must be capable of driving with complete control of the vehicle and with a clear view of the road and traffic movement;
b) The driver shall hold the steering wheel with both hands;

c) The driver shall obey the speed limits as set by law;
d) The driver shall obey traffic signs and signals and directions from traffic police;
e) The driver shall check the front lights and back lights while driving at night;
f) Use of high beams is prohibited when approaching oncoming traffic;
g) Proper use of horn to warn and in emergency conditions only;
h) Safety belts must be worn especially on outside roads or highways;
i) Adequate space must be left between vehicles. This distance shall increase according to vehicle speed and if the road is wet;
j) Traffic priority (Right of way) must be given for pedestrians crossings at unmanned or unmarked areas;
k) Emergency vehicles shall be given the right of way in the left lane;
l) Long distance driving may cause drowsiness or fatigue. To avoid this, rest should be taken for 5 minutes to every one hour driving;
m) Drivers shall slow down and not use the horn when driving close to animals.

5. Start conditions – Before starting vehicles, drivers should check for any obstacle behind them, check the conditions of the tires, then start the engine and tighten safety belt before observing the following conditions:

a) Mirror: check to make sure of passing vehicles by inside and outside mirror and look left. If there are any approaching vehicles, the driver must wait;
b) Turn signals: Left turn signal must be used to warn other road users of movement.

6. Passing: Passing another vehicle from the left side shall be conducted according to the following conditions:

a) Where passing is allowed;
b) After making sure the road is clear for adequate distance;
c) Using side mirrors to make sure road is clear of vehicles;
d) Using signals; and
e) Start acceleration and pass then go back to normal lane.

7. Illegal Passing – Passing is prohibited in the following conditions:

a) Near pedestrian crossings;
b) Near crossroads, curves, bridges, tunnels, hill, on slippery roads, narrow roads and at railway cross roads;
c) Where posted “No Passing” or where obstructed by a barrier;
d) When passing would force another driver to change his speed or direction;
e) If the vehicle ahead is passing another car;
f) If the vehicle behind is passing another car;
g) If an oncoming vehicle is passing on a roadway with no separation, median or connected lines;

h) If the vehicle to be passed is traveling at the maximum speed limit; and
i) If visibility is bad.

8. In the case of passing a column of vehicles, passage must be done in stages.

9. Left turn must be conducted as follows:

a) Move to left lane at a safe distance;
b) Use the mirrors to check traffic movement behind;
c) Use left turn signal;
d) Turn left safely.

10. Right turn must be conducted as follows:

a) Move to right lane at a safe distance;
b) Use the mirror to check traffic movement behind;
c) Use right turn signal;
d) Turn right safely.

11. Changing lanes must be conducted as follows:

a) Look in mirror to make sure that the lane you intend to move into is clear of traffic;
b) Use turn signal to warn road users;
c) Change lanes safely.

12. Parking – When parking for more than five minutes with the engine off, drivers shall park vehicles parallel to and not more than thirty centimeters from the sidewalk with the doors closed. Parking shall be conducted as follows:

a) Slowdown;
b) Use rearview mirror to observe traffic;
c) Use turn signal to indicate direction of travel;
d) Pull over to far most right side of the road before opening vehicle doors;
e) Make sure lane is clear of pedestrians before opening vehicles doors;
f) Exit from vehicles right side close to side walk.

13. Parking is prohibited as follows:

a) Where traffic signs indicate parking prohibited;
b) When parking will obstruct visibility at or near to:

i. Crossroads;
ii. Curves;
iii. Railway crossroads;
iv. Cliff edge;

v. Arched bridge;
vi. Bus stop;
vii. Pedestrians crossing area;
viii. School and office main gates;
ix. Parking on left side of roadway;
x. Double parking;
xi. When parking will obstruct movement of traffic;
xii. On narrow roads;
xiii. In tunnels;
xiv. On bridges;
xv. At entrances of garages (private and public);
xvi. Near road works and construction sites;
xvii. If parking obstructs visibility of a traffic light or sign.

14. Lights – The following conditions should be observed in using lights:

a) Make sure front and back lights of vehicle are according to its design;
b) Use high beams on roads with no electric lights and dim lights when a vehicle approaches from the opposite direction;
c) Use full lights in case of fog or bad visibility;
d) Flash headlights to give warning, same as with horn, especially during hours of darkness;
e) Use of high beams is prohibited when stopped, parking and waiting;
f) Use emergency flashers when vehicle is disabled.

15. Other general driving and vehicle regulations are as follows:

a) Vehicles are not permitted to enter or exit roads except from special points which are acceleration and slow down lanes;
b) Backing, turning and parking except as designated by traffic control signs or for emergency reasons is prohibited;
c) Vehicle travel at more than the maximum and less than the minimum speed limit provided for by law in prohibited;
d) Vehicle tires must be properly checked before travel and petrol, water and oil quantities must be sufficient;
e) Drivers of defective or disabled vehicles must exploit continuation of the vehicle's movement to exit to emergency lane and use emergency flashers or a reflective triangle at a distance not less than 50 meters on highways and at an appropriated distance on internal roads continuation of the vehicle's movement to exit to emergency lane and use emergency flashers or a reflective triangle at a distance not less than 50 meters on highways and at an appropriate distance on internal roads;
f) It is unlawful to use a vehicle not designed for towing to tow a vehicle. When towing a disabled or defective vehicle, the vehicle's emergency flashers shall be activated;

g) Vehicles more than 2.5 meters wide are prohibited from operating on highways unless escorted by a traffic vehicle to direct and warn other drivers;
h) Parking, stopping or waiting inside a vehicle at locations other than those designated is not permitted except in case of emergency.

16. Public vehicle regulations:

a) Smoking is not allowed inside public vehicles;
b) Passengers must keep their body fully inside public vehicles;
c) Passengers on public vehicles shall not distract the driver;
d) Public vehicles must be kept clean;
e) Visibility shall not be obstructed by materials or baggage;
f) Passengers shall not give traffic signs instead of the driver;
g) Children shall be seated in the back seat;
h) Standing inside transport buses is prohibited for it obstructs driver's rear view vision.

Vehicle Registration Fees

17. The following fee schedule is in effect until amended or replaced pursuant to section 32 of this Code.

18. The following are the fees for issuing and renewing driver licenses:

a) Motorcycles – five thousand ID;
b) All other vehicles – ten thousand ID.

19. The following are fees for vehicle registration certificates, first time and renewals:

a) Motorcycles – five thousand ID;
b) All types of cars – ten thousand ID;
c) Trailers carrying over 12 tons and vehicles carrying more than 25 passengers – fifty thousand ID.

20. Transfer of ownership fees must be paid fifty percent by the previous owner and fifty percent by the new owner. The following are fees for transfer of ownership of vehicles:

a) Private cars – fifty thousand ID;
b) Public cars and buses – fifty thousand ID;
c) Trucks and trailers – one hundred thousand ID;
d) Agriculture vehicles, construction vehicles, trailers (dragged vehicles) and tourist caravan vehicles – fifty thousand ID;
e) Motorcycles – five thousand ID.

21. The following are fees for reissuing a driver license or registration certificate when it is lost, stolen or destroyed:

a) The first time – ten thousand ID;
b) The second time – twenty thousand ID;
c) More than two times – forty thousand ID.

22. The following fees are for losing or destroying the vehicle registration plate:

a) The first time – twenty thousand ID;
b) The second time – forty thousand ID;
c) More than two times – sixty thousand ID.

23. If the loss or destruction of the registration plate is accidental or unintentional the fee is two thousand ID.

24. There is no fee for the loss or destruction of the registrations plate caused by the burning of, robbery and/or collision of the vehicle when certified by documents.

25. Transactions related to vehicles and driver licenses shall be exempted from the provisions of the law of stamp fees number 16 of 1974.

Fines for Motor Vehicle Violations

26. The following fines will be in effect until changed or amended pursuant to section 32 of this Code.

27. Anyone who commits the following violations shall be fined thirty thousand ID:

a) Failure to obey traffic control device or traffic police signal;
b) Driving against traffic;
c) Driving without front or rear lights at night;
d) Driving a vehicle without registration plate;
e) Reckless or negligent driving;
f) Driving at a speed greater than reasonable or in excess of speed limit;
g) Failure to register vehicle within 30 days of purchase;
h) Violating the rules of traffic on highways;
i) Violating instructions or statements issued by the Directorate General of Traffic.

28. Anyone who commits the following violations shall be fined twenty thousand ID:

a) Failure to cover the cargo securely to prevent cargo from falling during driving or shaking;
b) Parking in no-parking area;
c) The use of tinted windows or textile or metal curtains on rear or side windows;

d) Turning in the places where it in not allowed to turn;
e) Failure to stop when exiting from side road to main road;
f) Failure to yield the right of way to pedestrians.

29. Anyone who commits the following violations shall be fined fifteen thousand ID:

a) Stopping large trucks, buses, construction or agricultural vehicles in travel lanes, on internal streets or in residential regions, except when loading or unloading;
b) Carrying cargo in trucks in excess of height requirements;
c) Driving a vehicle with damaged or unclear registration plate;
d) Failure to use safety belts in moving vehicle;
e) Improper use of horn, including use of horns other than factory installed or equivalent;
f) Passing a vehicle on the right side on roadways.

30. Anyone who commits the following violations shall be fined ten thousand ID:

a) Improper use of high beam lights;
b) Driving a vehicle that doesn't meet the minimum safety standards for equipment (as stipulated in section 13 of this law);
c) Putting stickers, decorations or notices on the front windshield or rear window;
d) Violating the rules of safe driving;
e) Failure to renew driving license or vehicle registration;
f) Failure to observe clear traffic signs, signals or markings;
g) Transporting passengers on the side, decks, hood roof or tail of a vehicle;
h) Opening a vehicle door and causing traffic obstruction.

31. Anyone who commits one of the following violations shall be fined five thousand ID:

a) Failure to signal intention prior to turning;
b) Moving the vehicle before being sure that he traffic side is empty;
c) Failure to produce a driver license on demand.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 87

PUBLIC CONTRACTS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing that public contracts laws should conform to international standards of transparency, predictability, fairness of treatment; provide for dispute resolution mechanisms; be free from corruption and undue influence; and create a system to procure goods and services at the best possible value for the government,

Noting that the concept of full, fair and open competition is of critical importance to the economy of Iraq and the goal of free trade among nations,

Building on the existing Iraqi laws in the field, including administrative instructions, and modernizing them in accordance with best international practice,

I hereby promulgate the following:

Section 1
Principles of Government Public Procurement

1) This Order applies to all procurements of goods, services, and construction services by the State of Iraq acting through Ministries or other federal agencies (collectively "agencies"); or governmental units including Regions; Governorates; and all other subdivisions of the State of Iraq (collectively "governmental units") that may commit public funds. Procurement is the acquiring by contract with public funds of goods, services or construction services by and for the use of the government through purchase or lease. The State of Iraq through Ministries or other federal agencies; Regions; Governorates; and all other subdivisions of the State of Iraq shall commit public funds in accordance with the following basic principles:

 a) To the maximum extent practicable, full, fair and open competitive public bidding procedures, including, but not limited to: effective tender publication; objective bid evaluation criteria; public bid opening; and, the use of electronic commerce methods.

 b) International standards of transparency, predictability, fairness and equality of treatment;

c) Procurement process integrity, minimum ethical standards and non-conflict of interest;

d) Offeror's right to file tender protests and related appeals;

e) Tender dispute resolution mechanisms and the timely resolution of such disputes.

Section 2
Office of Government Public Contract Policy

1) Establishment and Responsibilities

a) There shall be established, within the Ministry of Planning and Development Cooperation, an Office of Government Public Contract Policy. The head of this Office shall report directly to the Minister of Planning.

b) The Office of Government Public Contract Policy shall have responsibility for:

i) Coordination of government public contract policy for all ministries and public entities of the government, including, but not limited to, the issuance, after appropriate provision for notice to and comment by interested parties, of implementing regulations and administrative instructions in the Arabic and Kurdish languages, and such other languages as appropriate, in furtherance of this Order;

ii) Establishment and adoption of rules for an independent Administrative Tribunal to have jurisdiction over complaints and disputes arising under or relating to the award of public contracts by the government;

iii) Recommendations for amendments to this Order and related Iraqi laws, regulations and administrative instructions;

iv) Development and adoption of standard government public contract provisions; and

v) Training of government public contracting personnel for the proper application of this Order and its implementing regulations and administrative instructions.

2) Application

a) Every governmental unit or agency described in Section 1.1 "government" shall designate a contracting office that shall be responsible for the contracting activities of the governmental unit or agency. For reasons of administrative convenience, a

governmental unit or agency may agree with another governmental unit or agency that the latter will be responsible for the contracting activities of the former.

b) In addition to the standard contract provisions adopted for all governmental units or agencies, each individual governmental unit or agency, after concurrence by the Office of Government Public Contract Policy, may include standard contract provisions that are necessary for the particular objectives of said governmental unit or agency.

c) This Order applies to Iraqi state-owned enterprises when awarding public contracts for the procurement of goods, services or construction services that are directly financed by government funds.

Section 3
Contracting Authority

1) The authority to obligate government funds, award and sign government public contracts, enter into and authorize material modifications to such contracts, and authorize the payment of invoices and claims, shall rest solely with a qualified government agency or a committee within each governmental unit or agency, duly appointed under the authority of this Order.

 a) Agency and committee members shall not be political appointees or members of the office within the governmental unit or agency that requires or benefits from the contractor's performance under the contract to be awarded. Political appointees are Governing Council members and their deputies; ministers and deputy ministers; governors; judges; members of national commissions, deputy commissioners of such commissions, directors and equivalent officials within Iraqi commissions, boards or similar organizations; all elected members of the Iraqi Interim Government or Iraqi Transitional Government, including the national executive; and those individuals appointed by the public officials listed in this Section to advise them.

 b) The individuals vested with the authority described in this Section shall not directly report to the official or office requiring or benefiting from the contractor's performance under the contract.

2) In all public contracts, there shall be a standard provision advising contractors of the public agency or committee that shall have this authority and the full scope of that authority. Included in that provision, there shall be reference to the fact that direction from the government to the contractor that affects the rights and liabilities of the parties to the contract from anyone other than the designated responsible public official shall not be authorized and shall not have any effect.

Section 4
Full and Open Competition

To the maximum extent practicable, government public contracts shall be awarded on a competitive basis. Prior to the competitive award of public contracts, the Contracting Authority, vested with the authority pursuant to Section 3 of this Order, shall state in writing the awarded contract price to be fair and reasonable under the prevailing facts and circumstances.

1) Exceptions – Public contracts may be awarded using other than full and open competitive public contracting procedures under the following conditions:

 a) When, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the goods or services to be purchased under the contract may only be manufactured or supplied by a particular entity or otherwise is available from a very limited number of entities.

 b) When for reasons of extreme urgency brought about by events not attributable to the Contracting Authority, the public interest does not permit award on a fully competitive basis.

 c) When the goods to be purchased are:

 i) Required as a partial replacement for or addition to goods purchased under an existing or previous contract; or

 ii) Required to be compatible or interchangeable with existing goods purchased from the original source who supplied the existing goods.

 d) When the use of other than full and open competitive public contracting procedures is necessary to promote economic or institutional development among certain population sectors or geographic regions of the State of Iraq or of Iraqi state-owned enterprises. These regulations shall also indicate the circumstances where the use of other than full and open competitive public contracting procedures may be used to promote economic or institutional development among certain population sectors or geographic regions of the State of Iraq or of Iraqi state-owned enterprises.

 e) When international agreements (bilateral, plurilateral, or multilateral) or treaties to which the State of Iraq is a party require the use of other than full and open competitive public contracting procedures, either by their explicit terms or by implication.

f) If the anticipated value of the public contract is below certain monetary thresholds, as determined by regulations issued in accordance with Section 2, a streamlined procedure for the procurement of lower priced goods and services shall be used.

g) The Office of Government Public Contract Policy shall issue implementing regulations indicating, among other matters, those circumstances permitting other than full and open competition and specifying the streamlined procedures for awarding public contracts using other than full and open competitive public contracting procedures. These regulations shall require documentation previous to every occasion where other than full and open competitive public contracting procedures are used.

2) Prequalification - Prequalification of offerors, including required deposits or bonds, shall be implemented in such a manner that does not unreasonably limit competition. If a deposit is required as a condition for participating in a competitive tender, such deposit shall be reasonable in amount, based upon the value of the contract, and returned to an unsuccessful offeror. The use of bonds, as opposed to deposits, is encouraged.

3) Notice of Tenders - The Office of Government Public Contract Policy shall issue implementing regulations that address, but are not limited to, the following:

a) The notice of tenders shall provide the maximum possible exposure of the proposed public procurement action. Notices shall be published at a minimum in the Arabic and Kurdish languages, as well as such other language as may be appropriate where it is anticipated that offers will be made from entities or individuals outside the State of Iraq.

b) The notice shall provide potential offerors with sufficient information, including but not limited to, standard terms and conditions, the statement of work and a delivery schedule, to reasonably respond to the tender. In this regard, all tenders shall also contain the factors upon which offerors shall be evaluated, and the failure of the government to evaluate an offer against the stated evaluation factors in the notice shall be a basis for filing a tender protest pursuant to this Order.

c) The notice shall provide potential offerors with sufficient time to reasonably respond.

d) The notice shall provide potential offerors the opportunity to request clarifications about the tender and for extensions of time to respond to the tender, if necessary.

e) The notice shall provide a date by which responses to tenders shall be due, and provide those specific instances where late offers can be accepted.

f) The implementing regulations to this Order shall provide for exceptional circumstances when the notice is not required.

Section 5
Negotiated Contracts

1) Authorization - Although competitive bidding is preferred in general, competitive negotiated contracts that comply with this Order are hereby specifically authorized and should be employed whenever the interests of the governmental unit or agency concerned will best be served by awarding the contract on a basis other than the lowest price.

2) Process

a) Tender notices for negotiated contracts shall specifically indicate that the contract shall be awarded on a basis other than the lowest price.

b) The notice shall state those factors, in addition to price, that will be evaluated and the relative importance of each of these factors (this is not an exhaustive list, and all of these factors, except price or cost, may not necessarily be required on all procurements):

i) The merit of the technical solution proposed to meet the government's requirements;

ii) The risk associated with the offeror's proposed approach as it relates to accomplishing the requirements of the tender;

iii) Past performance on recent and relevant government and commercial efforts;

iv) Experience of key personnel; and/or

v) Management structure.

c) The notice shall state the relationship between the price and the non-price factors in making an award (e.g., are the non-price factors more important, less important, or of equal importance to price).

d) The government shall have the right to enter into direct negotiations with offerors after their written response to the tender has been received by the government.

The purpose of entering into direct negotiations is to clarify offers, respond to questions, and negotiate price. At no time during the negotiation process (and after award) shall information, including price, about proposals from other offerors be discussed or made public. The price of the awarded contract shall be made public.

e) If requested, offerors shall have the right to amend their offers after negotiations and prior to final evaluations.

f) All members of procurement evaluation teams shall be bound by the principles stated in Section 8 of this Order on "Procurement Integrity and Conflicts of Interest".

Section 6
Standard Public Contract Provisions

1) The Office of Government Public Contract Policy shall issue and publish implementing regulations that include standard public contract provisions. These provisions may include additional conditions not specifically required by, but otherwise consistent with this Order. These regulations may provide that certain conditions apply or do not apply depending on the value or type of the public contract.

2) The Office shall, in preparing the implementing regulations required by this Order, be guided by recognized and accepted international standards and best practices, such as those contained in the United Nations Commission on International Trade Law (UNCITRAL), "Model Law for Procurement of Goods, Construction, and Services", Directives of the European Union, and the World Trade Organization Agreement on Government Procurement. Where appropriate, these regulations shall also apply generally accepted international commercial practices.

Section 7
Statements of Work, Contract Specifications, and Contract Types

1) Statements of Work and contract specifications must accurately reflect the government's needs and must be written in such a way that they do not unduly restrict competition.

2) Proprietary features or brand names shall be avoided. If a brand name or proprietary feature is included in a specification, offerors must be notified of the features of the brand name and be advised that they may offer an equivalent or equal product.

3) The contract type has a direct effect on risk allocation in public contracts. Fixed-priced contracts are generally preferred over cost contracts, especially where a

reasonable price estimate can be made by the government and the contract anticipates a specific deliverable.

a) A fixed-price contract provides for a price that is not subject to adjustment on the basis of the contractor's costs incurred in performing the contract. A fixed-price contract places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss.

b) A Cost-reimbursement contract provides for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of committing funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.

Section 8
Procurement Integrity and Conflicts of Interest

1) The Office of Government Public Contract Policy shall issue and publish implementing regulations that implement, at a minimum, the following ethical standards:

2) No minister, official or consultant under contract to support the governmental unit or agency involved in any tender shall have a financial interest in the outcome of the tender.

a) All proprietary or competition sensitive information received by ministers, officials, or contractors during the tender process shall remain confidential.

b) The post-government employment of ministers and officials substantially involved in the government procurement process shall be restricted for a reasonable period of time in accordance with this Section. Those ministers and officials substantially involved in the following activities shall not seek nor accept employment with the offeror awarded the contract:

i) A particular tender;

ii) The administration of the contract awarded subsequent to a particular tender; or

iii) The surveillance of the work performed under a particular contract.

c) No offeror shall have a business interest that is in conflict with its ability to use its best efforts to satisfy the requirements of the contract.

Section 9
Exclusions from Participation

1) To ensure the integrity of the procurement process, entities and individuals may be excluded from competing for government public contracts in accordance with the following provisions.

 a) As defined in the implementing regulations issued under the authority of this Order, misconduct, including but not limited to the following, shall be the basis for exclusion:

 i) Willful violations of this Order or the implementing regulations issued under the authority of this Order;

 ii) Willful failure to perform in accordance with one or more material terms of a public contract;

 iii) Conviction of a criminal offense; or

 iv) Other misconduct indicating a lack of business integrity or business honesty that seriously and directly affects the ability of the contractor to perform.

 b) Responsibilities for ensuring the integrity of the procurement process shall be carried out by the Office of Government Public Contract Policy which shall issue implementing regulations that shall, at a minimum:

 i) Provide standards for exclusion;

 ii) Provide a fair, equitable and expeditious process with an opportunity to be heard before a determination for exclusion is made;

 iii) Provide a method by which an excluded entity may apply for re-instatement; and

 iv) Provide that a public record be maintained and published of all excluded individuals and entities.

Section 10
Financial Requirements

1) No tender notice shall be published, nor any tender commenced, prior to a certification by the senior financial officer, or his official designee, of the

governmental unit or agency offering the tender that there are funds available sufficient to satisfy the government's estimated cost of any resulting contract.

2) No contract shall be awarded without a certification that sufficient funds are available and dedicated (i.e., may not be used for any other purpose) to the contract in an amount equal to the full contract price.

3) Regulations shall be issued and published providing for the right of any governmental unit or agency awarding a public contract to have access to and have the authority to audit a contractor's financial records related to the public contract that was awarded. This right to audit, together with any additional oversight responsibilities, shall be exercised by an office that is not responsible for tender issuance. The Office of Government Public Contract Policy may establish a central agency for public procurement audit services.

Section 11
Termination for the Convenience of the Government

1) The right of the government, acting through the Contracting Authority vested with the authority described in Section 3 of this Order, to terminate public contracts entered into under the authority of this Order, in whole or in part, when it is in the government's best interest, may be included in contracts awarded by the government.

2) If a contract is terminated for the convenience of the government, the rights, duties, and obligations of the parties, including compensation to the contractor, shall be in accordance with the procedures set forth in Section 12 of this Order on "Dispute Resolution".

3) The Office of Government Public Contract Policy shall issue implementing regulations describing the circumstances under which the government can terminate public contracts pursuant to the authority of this Order.

Section 12
Dispute Resolution

All interested parties, as defined below, to a government public contract tender process and those entities and individuals that have been awarded government public contracts have certain rights against the government that may include the ability to seek and obtain monetary relief against the government.

1) Tender Protests

a) Right to File - Any offeror deemed to be an interested party, that believes it has not received fair treatment in the award of a government public contract, or believes that the provisions of a tender unfairly restrict full and open competition in a manner that inappropriately excludes it from competing, may file a tender protest with the Administrative Tribunal established pursuant to the authority of this Order.

 i) An interested party is an actual or prospective bidder or offeror that has a reasonable chance for award and whose direct economic interest would be affected by the award of a public contract or by the failure to award such a contract.

 ii) The Tribunal shall rule on the protest within the shortest period of time practicable and may, among other reasonable remedies, direct the contracting authority to take corrective action, including but not limited to, terminating the awarded contract, resoliciting tenders, reevaluating tenders received for consideration, award reasonable tender preparation costs, or take other actions necessary to comply with this Order and the implementing regulations promulgated under the authority of this Order.

b) Results of Filing - Upon the filing of a tender protest after award, the governmental unit or agency that awarded the public contract shall immediately order the awarded contractor to cease working on the contract.

 i) If a minister or the senior official responsible for contracting within governmental unit or agency awarding the contract determines the requirement being satisfied by the contract is of such importance to the public interest that ceasing work will unduly harm the public interest, such minister or official may, by written determination of such undue harm, and after notice to the Tribunal, order the governmental unit or agency to notify the contractor to proceed with the contract.

 ii) The minister or official, in making this determination, shall also consider the likelihood of success of the protest.

c) Effect of Grant of Protest - If the Tribunal sustains the tender protest and either directs the contracting authority to award the contract to the protestor or directs the contracting agency to take corrective action consistent with this Order or the regulations promulgated under the authority of this Order, the governmental unit or agency shall immediately terminate the contract with the originally awarded contractor, if that contractor is not selected for award following the corrective action ordered by the Tribunal. Such contractor may have certain rights against the government as discussed in Subsection 2 below.

d) Additional Rights of Unsuccessful Offerors - There shall be notices published of all public contract awards. All unsuccessful offerors in a government public contract competition shall be notified by the authority offering the tender, and such unsuccessful offerors shall be entitled to receive a written explanation of the factors upon which it was not successful. Such explanations shall be provided promptly and with full consideration to the proprietary nature of the information provided to the government by the other offerors, including the awardee, of the tender. Decisions of the Tribunal may be appealed by either party to the appropriate Court with jurisdiction over the procurement.

e) Implementing Regulations - The Office of Government Public Contract Policy shall issue implementing regulations published in conjunction with this provision that address, but are not limited to, the following:

i) The establishment of the independent Administrative Tribunal referred to in Section 2.1(b)(ii) of this Order;

ii) The rules of the Tribunal, including time and place requirements for filing protests, both before and after public contract award (including the effect on such time requirements if a request for explanation is made), and for issuing decisions;

iii) The time requirements for an unsuccessful offeror to request an explanation of the governmental unit or agency decision and for the governmental unit or agency to respond to that request;

iv) The nature of the relief that may be granted by the Tribunal; and

v) The legal bases upon which a tender protest may be filed.

2) Claims

a) Right to File - A contractor has a right to make a claim to the authority awarding the public contract that a condition of the contract has not been followed or that it has otherwise been treated in an unfair way. This right to make a claim shall also apply to a contractor whose contract has been terminated as a result of a decision by the Tribunal hearing a tender protest to terminate its contract where it believes it is entitled to additional compensation for work under its terminated contract, but not yet paid.

b) Process - A contractor seeking to exercise its rights under this Subsection must first seek a final written decision on the merits of its claim from the governmental

unit or agency that awarded the contract by submitting a written request to the contracting authority for that governmental unit or agency. This request shall specify that amount that the contractor believes it is owed and the basis for the request. This final decision must be prepared by the contracting authority and it must be issued within a reasonable period of time. If after a reasonable period of time, the contractor does not receive a final written decision from the appropriate authority, the contractor may deem this lack of a response as a denial of its claim.

c) Appeal - If the contractor is dissatisfied with the final written decision of the governmental unit or agency, it shall have the right to file an appeal with the court having jurisdiction over disputes between the government and private parties (or such other Court granted jurisdiction to hear such cases), which shall render its decision within a reasonable period of time.

d) Regulations - The Office of Government Public Contract Policy shall issue regulations in coordination with the Ministry of Justice implementing the claims process described in this subsection. The regulations shall include the following subjects and may include other subjects:

 i) The office within the governmental unit or agency where claims may be filed;

 ii) The time for filing claims with the governmental unit or agency and for its decision;

 iii) The time for filing appeals and for decisions on such appeals;

 iv) The scope of review, including but not limited to, whether to completely review all of the facts and circumstances of the claim or to review a narrow point of law, or whether a rational basis exists to support the contracting authority's decision;

 v) The responsibility of the contractor to continue prosecuting the work under the contract while a claim or appeal is pending;

 vi) The legal bases upon which claims may be filed including, but not limited to, claims concerning contract modifications and terminations; and

 vii) Such additional rules and procedures consistent with the responsibilities and jurisdiction granted by this Order.

e) The State of Iraq, acting through the Contracting Authority vested with the authority described in Section 3 of this Order, shall be able to make a claim in a court of proper jurisdiction against the contractor to enforce the government's

rights under the contract. The State of Iraq shall be represented in the court of proper jurisdiction by a representative designated by the Ministry of Justice.

f) Alternative Dispute Resolution - In resolving all such disputes (i.e., whether they are tender protests or claims during administration of a public contract), principles of alternative dispute resolution shall be used to the maximum extent possible, so long as both parties agree.

Section 13
Effect on Present Iraqi Law

1) Tenders instructions (Outfitting and Buying) for State Agencies and the Social Sector, issued by the Legal Department/Planning Organization/Council of Ministers/Republic of Iraq, 2001 (Tender Instructions) are hereby suspended.

2) Instructions for Implementation and Follow up of Projects and Works of National Development Plan. Issued by the Legal Department/Ministry of Planning/Republic of Iraq, 1988 (Implementation Instructions) are hereby suspended.

3) Any provision of Iraqi law, including but not limited to, statutes, decrees, regulations, and instructions, that is inconsistent with this Order is hereby suspended to the extent of such inconsistency.

Section 14
Implementation

1) The Minister of Planning, through the Office of Government Public Contract Policy shall issue Administrative Instructions and regulations to implement this Order.

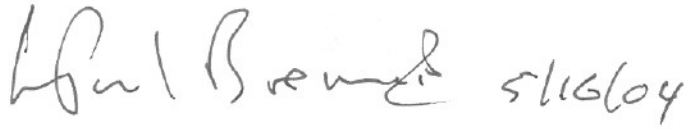
2) Until such time as regulations are promulgated by the Ministry of Planning and Development Cooperation under the authority of this Order, Coalition Provisional Authority Memorandum Number Four and its appendices, dated 19 August 2003 (CPA/MEM/19 August 2003/04) ("Memorandum Four"), shall serve as the implementing regulation for this Order.

3) In the event of an inconsistency between Memorandum Four and this Order, Memorandum Four shall be interpreted in a manner that is consistent with this Order.

4) Except as otherwise specifically provided by Coalition Provisional Authority Order Number 71, Local Governmental Powers, dated 6 April 2004 (CPA/ORD/6 April 2004/71), or other law or regulation, including other Coalition Provisional Authority orders, this Order shall apply to the federal and regional governments, Governorates, and municipal and local governments.

Section 15
Entry into Force

This Order shall enter into force upon signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 88

RIGHTS OF JUDICIAL OFFICIALS TO RETURN TO THE JUDICIARY AFTER CERAIN GOVERNMENT SERVICE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Noting that the Law of Administration for the State of Iraq for the Transitional Period (TAL) carefully guards against persons serving simultaneously in several governmental roles in order to prevent conflicts of interest,

Recognizing that the Iraqi judiciary, having been vetted by the Judicial Review Committee, offers a number of talented and fair individuals who could assume important and meaningful senior roles within the Iraqi government,

Acknowledging the importance of the safeguard in the TAL against conflicts of interest and the value of having all persons, including judges, leave their employment before assuming a senior governmental position,

Recognizing that the return of Iraqi judges after serving in another governmental capacity to service in the judiciary is vital to the long-term interests of Iraq's judicial system,

Understanding that current Iraqi practice would require each such judge to seek and receive approval for reappointment,

Concluding that establishing a means for members of the Iraqi judiciary to be reinstated immediately after their service in other governmental capacities would honor and preserve the safeguards of the TAL,

I hereby promulgate the following:

Section 1
Right to Return to Judicial Service

1) Any federal judge or prosecutor ("Judicial Official") who leaves the Iraqi judiciary to serve on a Commission established by the federal government (a "Commission"), consistent with Article 51 of the TAL, or to serve as a member of the National Assembly, the Presidency Council, or the Council of Ministers, consistent with Article 28 of the TAL, shall have the right to be reinstated as a member of the Iraqi judiciary after leaving such Commission or such service as a

member of the National Assembly, the Presidency Council, or the Council of Ministers.

2) A Judicial Official must exercise this right to return to the Iraqi judiciary within 90 days after leaving a Commission or service in the National Assembly, the Presidency Council, or the Council of Ministers. If a Judicial Official exercises this right to return to the Iraqi judiciary, that Judicial Official shall be reinstated immediately at the same level as he or she held before joining a Commission or serving as a member of the National Assembly, the Presidency Council, or the Council of Ministers.

Section 2
Disqualification for Matters Arising out of Prior Service

No Judicial Official who served on a Commission or as a member of the National Assembly, the Presidency Council, or the Council of Ministers, and subsequently returns to the Iraqi judiciary, shall participate in any case arising out of such service.

Section 3
Use of Judicial Title While Serving Outside the Judiciary

In recognition of a Judicial Official's right to return to the Iraqi judiciary, a Judicial Official shall have the right to use the relevant honorary title of "Judge" or "Prosecutor" while serving on a Commission or in the National Assembly, the Presidency Council, or the Council of Ministers.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

5/12/04

L. Paul Bremer III, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 89

AMENDMENTS TO THE LABOR CODE—LAW NO. 71 OF 1987

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that social and economic change as necessary to benefit the people of Iraq occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi labor law as necessary to improve the condition of the people of Iraq,

Determined to improve the conditions of work, life, technical skills, and opportunities for all Iraqis and to fight unemployment and underemployment with its associated deleterious effect on public security,

Noting that labor by young persons is endemic in Iraq and is deleterious to the health, safety and morals of children,

Further noting that Iraq has ratified International Labour Convention 182 and 138, which requires signatory nations to take affirmative steps towards eliminating child labor,

Recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of the children and workers of Iraq and to enable the social and economic functions of everyday life,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a free market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the International Labour Organization, as referenced in paragraph 8(a) of U.N. Security Council Resolution 1483,

In close consultation with and acting in coordination with the Governing Council, I hereby promulgate the following:

Section 1
Amendments to the Labor Code

The Chapter of the Labor Code, Law No. 71 of 1987 (the "Labor Code") entitled "Part VI—Chapter II" is amended to read as follows:

Chapter II - Protection of young persons

Article 90. Prohibition of Child Labor and Definition

90.1 The minimum age for admission to any kind of employment or work within the territory of Iraq and on means of transport registered in the territory of Iraq shall be fifteen years.

90.2 Unless otherwise indicated, in the present chapter the term "young person" means any person who has not reached eighteen (18) years of age.

90.3 Unless otherwise indicated, in the present chapter the term "youth" means any person that has not reached sixteen (16) years of age.

Article 91. Work that young persons are prohibited to perform

91.1 Young persons may not be employed to perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.

91.2 The list of the types of work to which the above provision applies shall be periodically examined and revised as necessary by the Ministry, in consultation with the organizations of employers and workers concerned, and it shall include but not be limited to the following:

(a) work underground, under water, at dangerous heights or in confined spaces;
(b) work with dangerous machinery, equipment and tools, or that involves the manual handling or transport of heavy loads;
(c) work in an unhealthy environment that may, for example, expose young persons to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health;
(d) work under particularly difficult conditions such as work for long hours or in certain circumstances during the night or work where the young person is unreasonably confined to the premises of the employer.

91.3 The following shall be considered worst forms of child labor and shall be prohibited:

(a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;

(b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;

(c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;

(d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. The list of the types of work to which this clause applies shall be periodically examined and revised as necessary by the competent Ministry, in consultation with the organizations of employers and workers concerned.

91.4 Whoever promotes, aids or benefits from acts destined to use child labor under its worst forms shall be guilty of an offense and on conviction shall be liable to prosecution under the Penal Code.

91.5 The Government of Iraq shall design and implement programs of action to eliminate as a priority the worst forms of child labor. To this end it will take specific measures:

(a) to prevent the engagement of children in the worst forms of child labor;

(b) to provide the necessary and appropriate direct assistance for the removal of children from the worst forms of child labor and for their rehabilitation and social integration;

(c) to ensure access to free basic education, and, wherever possible and appropriate, vocational training, for all children removed from the worst forms of child labor;

(d) to identify and reach out to children at special risk; and

(e) to take account of the special situation of girls who, because of their gender, may be more vulnerable to some of the worst forms of child labor.

91.6 For the purposes of Article 91, the term “child” shall apply to all persons under the age of 18.

Article 92. Medical examination and supervision of young persons in employment

92.1 Young persons shall not be admitted to employment or work unless they have been found fit for the work in question by a thorough medical examination.

92.2 The medical examination for fitness for employment shall be carried out by a qualified physician approved by the competent authority and shall be certified either by a medical certificate or by an endorsement on the work permit or in the workbook.

92.3 The document certifying fitness for employment may be issued--

(a) subject to specified conditions of employment;

(b) for a specified job or for a group of jobs or occupations involving similar health risks that have been classified as a group by the competent authority.

92.4 The fitness of a young person for the employment in which he or she is engaged shall be subject to medical supervision until he or she has reached the age of eighteen years.

92.5 The continued employment of a young person shall be subject to the repetition of medical examinations at intervals of not more than one year.

92.6 The medical examinations required by the preceding articles shall not involve the young person, or his or her family, in any expense.

92.7 The term "the competent authority" means the Ministry in charge of labor or the Ministry in charge of health or both.

Article 93. Hours of work and annual leave of young person

93.1 A young person who has not reached eighteen (18) years of age may not work for more than seven (7) hours per day.

93.2 Daily hours of work shall include one or more rest periods totaling at least one (1) hour in order to allow the young person to rest; the rest periods shall be arranged so that no period of work lasts more than four (4) consecutive hours.

93.3 Young persons who have been admitted to work shall have the right to thirty (30) days paid annual leave per year.

Article 94. Creation and posting of provisions and maintenance of register of young persons

94.1 An employer who employs young persons who have been permitted to work in accordance with the law shall post at the workplace a copy of the provisions regarding the protection of young persons at work.

94.2 The employer shall also maintain a register specifying their names, ages and the work to which they have been assigned.

94.3 The employer shall be required to file and keep available to labor inspectors the medical certificate for fitness for employment that is specified under article 92, or to provide the labor inspector with the reference of the register where the certificate is filed.

Article 95. Liability in the Event of Unlawful Employment

When an employment relationship exists between an employer and a young person who, under the provisions of this law, is not permitted to work yet is working unlawfully, the employer shall, upon discovery of the working young person, be obligated to:

a.) pay the young person the agreed wage for work of a similar quality and kind as if completed by an adult, and

b.) compensate him or her if he or she has an accident during or as a result of work, regardless of who was at fault, and

c.) immediately cease employing all young persons working unlawfully.

The provisions of Article 95 shall not affect the application of any other criminal or civil recovery in regards to this chapter.

Article 96. Exclusion of young persons in family enterprises

Other than the provisions set forth in Sections 91.1 through 91.4, which shall apply with respect to all young persons irrespective of the circumstances of their employment, the provisions of this law do not apply to youths that have reached the age of 15 and are engaged in a family enterprise under the authority or supervision of the youth's spouse, father, mother, brother or sister.

Article 97. Penalties

Any person infringing the provisions on the protection of young persons as provided in chapter II of this Part shall be guilty of an offense and on conviction shall be liable to imprisonment for a period of ten (10) days to three (3) months, or to a fine from twelve (12) times the daily minimum wage to twelve (12) times the monthly minimum wage.

The Part of the Labor Code entitled "Part IX" in the 1987 is amended to read as follows:

PART IX – TRANSITIONAL AND MISCELLANEOUS PROVISIONS

Article 170. Non-retroactive effect

The rights to which workers are entitled by virtue of prior laws and that involve a period prior to the entry into force of this law as amended shall be dealt with in accordance with the provisions of those laws.

Article 171. Records maintained by the employer

171.1 The employer shall maintain the following records:

(a) a register of workers' names

(b) a register of workers' wages

(c) a register of workers' hours of work

(d) a leave register

(e) a register of young persons employed

(f) a register of inspection visits

171.2 The Ministry shall draw up and maintain models for the registers referred to in section 171.1, above.

Article 172. Ministry to issue regulations and instructions

The Ministry shall issue instructions, regulations and orders to facilitate the implementation of this law, no later than three (3) months from the date of coming into force of the present law. The Ministry shall continue to issue instructions, regulations and orders from time to time as may be needed to effectively implement, clarify or augment this law.

Article 173. Repeal of laws

Any law (to include any statute, ministerial instruction, order, or Revolutionary Command Council resolution) that is inconsistent with this law as amended is hereby suspended to the extent of such inconsistency.

Section 2

Amendments to Fines and Penalties

The Chapter of the Labor Code, entitled "Part II - Chapter I Employment" is amended as follows:

Article 24. Penalties

24.1 Any person or entity violating the provisions of this chapter relative to the employment of workers shall be guilty of an offense and on conviction shall be subject to a fine in an amount between three (3) times the daily minimum wage and three (3) times the monthly minimum wage per violation.

24.2 Any person or entity violating the provisions of this chapter relative to the employment of foreigners, shall be guilty of an offense and on conviction shall be subject to a fine in an amount between three (3) times the daily minimum wage and three (3) times the monthly minimum wage per violation.

The Chapter of the Labor Code, entitled "Part III - Chapter II Protection and Determination of the Wages" is amended as follows:

Article 53. Penalties

Any person or entity violating the provisions of this chapter, relative to wages, shall be guilty of an offense and on conviction shall be subject to a fine in an

amount between six (6) times the daily minimum wage and six (6) times the monthly minimum wage per violation. If the violation concerns paying a wage that is lower than the minimum wage for an unskilled worker, the party shall be subject, in addition to paying the fine imposed, to pay the worker compensation in an amount that is two (2) times the difference between the wage paid and the minimum wage.

The Chapter of the Labor Code, entitled "Part IV - Chapter II, Section (ii) Sick Leave" is amended as follows:

Article 79. Penalties

Any person or entity violating the provisions of this chapter, relative to hours of work, shall be guilty of an offense and on conviction shall be subject to a fine in an amount between three (3) times the daily minimum wage and three (3) times the monthly minimum wage per violation.

The Chapter of the Labor Code, entitled "Part VI Chapter IV Work Precautions" is amended as follows:

Article 113. Penalties

Any person who infringes the provisions regarding occupational safety measures contained in this chapter shall be liable to a fine of from twelve (12) times the daily to twelve (12) times the monthly minimum wage, or to imprisonment ranging from one (1) to six (6) months.

The Chapter of the Labor Code, entitled "Part VI Chapter V Work Inspection" is amended as follows:

Article 118. Penalties

(2) Any person who impedes the labor inspector or the inspection committee in entering the work premises for purposes of inspection or who interferes in any way with the fulfillment of the committee's activities shall be liable to a fine of from twelve (12) times the daily to twelve (12) times the monthly minimum wage, or to imprisonment ranging from one (1) month to six (6) months.

Section 3
Transitional Minimum Wage Benchmark

1) For the purpose of the fines established in this Order, the minimum wage shall be defined as the hourly equivalent of the wage of a Grade 11, Step 1 public employee as established in CPA Order Number 30 (CPA/ORD/1 September 2003/30) until such time as the official minimum wage is established by the appropriate authority.

2) For the purpose of calculating the fines in this Order, the workday shall be deemed eight (8) hours long.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

5/30/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 90

SPECIAL TASK FORCE FOR COMPENSATING VICTIMS OF THE PREVIOUS REGIME

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Understanding that justice for the crimes of the past regime demands proper compensation for the victims and their families,

Acknowledging that under the former regime, many lost their jobs, their property and their lives because they opposed the regime, refused to join the Ba`ath party or simply were related to someone considered by the previous regime as an opponent,

Noting that compensating victims of past crimes is a complex undertaking involving many thousands of people,

Recognizing that ultimately the offenses committed by the past Iraqi regime against Iraqi citizens should be compensated by Iraqis in accordance with Iraqi standards of justice and through Iraqi means,

Desiring to help the process of correcting these injustices of the past to begin quickly,

I hereby promulgate the following:

Section 1
Establishment

1) The Special Task Force on Compensating Victims of the Previous Regime ("Special Task Force") is hereby established.

2) The Special Task Force shall be composed of a Chairman and two Assistant Chairmen. The Chairman shall be appointed by the Administrator of the CPA and shall head the Special Task Force. The Assistant Chairmen shall be selected by the Chairman and shall assist in the work of the Special Task Force.

Section 2
Responsibilities

1) The Special Task Force shall work with victims and Ministries to define the types of injustice for which compensation should be provided, other than wrongs already being addressed though other processes. The Special Task Force shall:

 a) Define the categories of victims to be compensated;

 b) Devise a means of estimating the numbers of victims in each category;

 c) Estimate what would constitute fair compensation for each category of victim;

 d) Recommend a system by which victims may make claims for compensation as well as a system to fairly adjudicate those claims.

2) By August 1, 2004, the Special Task Force shall provide the Iraqi Interim Government with a report containing the Special Task Force's findings and recommendations.

Section 3
Endowment

To carry out the Special Task Force's recommendations, twenty-five million dollars from the Development Fund for Iraq shall be set aside to be used in the future effort to compensate victims and their families.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

5/25/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 91

REGULATION OF ARMED FORCES AND MILITIAS WITHIN IRAQ

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recalling that U.N. Security Council Resolution 1483 (2003) calls upon the CPA to promote the welfare of the Iraqi people through the effective administration of the territory, including in particular working towards the restoration of conditions of security and stability,

Noting that the former oppressive regime of Saddam Hussein has been removed,

Further noting the adoption of the Law of Administration for the State of Iraq for the Transitional Period on March 8, 2004,

Further noting that Article 27(B) of the Law of Administration for the State of Iraq for the Transitional Period provides that "Armed forces and militias not under the command structure of the Iraqi Transitional Government are prohibited, except as provided by federal law,"

Acknowledging that those who fought against the Ba'athist regime in resistance forces should receive recognition and benefits as military veterans for their service to their people,

Intending to give such individuals the chance to further themselves, support their families, and serve their peoples by pursuing civilian lives and jobs,

Considering that the Iraqi Armed Forces and other Iraqi security forces are in need of trained and experienced professionals,

Desiring to establish a mechanism that will ensure armed forces and militias come into compliance with the Law of Administration for the State of Iraq for the Transitional Period,

I hereby promulgate the following:

Section 1
Definitions

1) "Administrator" means the Administrator of the Coalition Provisional Authority and, following transfer of full governance authority to the Iraqi Interim Government, the civilian head of the Iraqi government exercising national command authority, or his or her designee, unless otherwise designated.

2) "Armed Force" means an organized group of individuals bearing firearms or weapons. The term "Armed Force" includes government forces and Militias.

3) "Militia" means a military or paramilitary force that is not part of the Iraqi Armed Forces or other Iraqi security forces established pursuant to CPA Orders, Regulations and Memoranda, or pursuant to Iraqi federal law and the Law of Administration for the State of Iraq for the Transitional Period.

4) "Private Security Company" means a private business, properly registered with the Ministry of Interior and Ministry of Trade that seeks to gain commercial benefits and financial profit by providing security services to individuals, businesses and organizations, governmental or otherwise. Private Security Companies are subject to, and must comply with all applicable criminal, administrative, commercial and civil laws and regulations unless exempted by CPA Order Number 17, "Status of Coalition, Foreign Liaison Missions, their Personnel and Contractors."

5) "Illegal Armed Force or Militia" means an Armed Force or Militia existing in violation of the prohibition contained in Section 2 of this Order.

6) "Residual Element" means the parts of a former Armed Force or Militia under an approved Transition and Reintegration Plan that are still extant and drawing down during the period of transition and reintegration and that are regulated by the relevant governmental authorities in accordance with this Order and the Transition and Reintegration Plan for that Armed Force or Militia.

7) "Qualified Member" means a member of a Residual Element who:

 a) is specifically identified by an Armed Force or Militia, at the time the Armed Force or Militia's command becomes subject to a Transition and Reintegration Plan, as having been a member of the Armed Force or Militia on or before May 1, 2003;

 b) has not engaged in terrorist activities or violated the laws of war or Iraq's recognized principles of human rights;

c) has not been convicted of a felony offense under the criminal laws of Iraq after May 1, 2003;

d) is not acting as an agent of a foreign government; and

e) continues at all times to meet the criteria for qualification set forth herein.

8) "Transition and Reintegration Plan" means a documented and recorded plan that sets forth milestones and processes for the complete transition and reintegration of a Residual Element of an Armed Force or Militia.

Section 2
Prohibitions

Armed Forces and Militias, and membership therein, are prohibited within Iraq, except as provided for herein.

Section 3
Exceptions

1) The prohibition contained in Section 2 shall not apply to:

a) Armed Forces and members thereof under the control of the CPA (or, following transfer of full governance authority, the Iraqi Interim Government and any future Government of Iraq) including, but not limited to, all security forces under the control of the Ministry of Interior and the Iraqi Armed Forces under the control of the Ministry of Defence;

b) Armed Forces specifically permitted under the Law of Administration for the State of Iraq for the Transitional Period;

c) Armed Forces and members thereof under the operational control of the Commander of the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolution 1511, and any relevant subsequent resolutions;

d) A Residual Element currently and continuously meeting the criteria set forth in Section 4.5, to include members thereof. Those Residual Elements currently meeting the criteria for an exception under this Section 3.1(d) are listed in Annexes A, Armed Forces, and B, Militias; and

e) A Private Security Company or the officers and employees of such Private Security Company, provided the Private Security Company meets all of the following criteria:

i. the Private Security Company is properly licensed and regulated by the Ministry of Interior and Ministry of Trade;

ii. all firearms and weapons used by the Private Security Company are licensed in accordance with applicable CPA Orders, Regulations, and Memoranda, and Iraqi laws and regulations; and

iii. all company officers, armed members, and supervisors exercising control of armed members of the Private Security Company have undergone background checks conducted by the Ministry of Interior and possess the requisite weapons authorizations issued by the Ministry of Interior.

f) Those contractors covered by CPA Order Number 17.

Section 4
Transition and Reintegration of Residual Elements of Armed Forces and Militias

1) Only Armed Forces and Militias that are identified by the Administrator or after the transfer of full governance authority the Transition and Reintegration Implementation Committee as participating in the political process leading to a peaceful, prosperous, and progressive Iraq will be considered eligible for Residual Element status and for transition and reintegration in accordance with this Order.

2) In order to attain the status of a Residual Element, a Transition and Reintegration Plan must be accepted by the commander, head or leader of an Armed Force or Militia, and the Administrator or after the transfer of full governance authority the Transition and Reintegration Implementation Committee. The plan must include:

a) a complete list of Qualified Members, including all members of the Residual Element, and such list must be provided to the Iraqi Veterans Agency;

b) the processes by which all of its Qualified Members will be transitioned or reintegrated; and

c) clearly defined milestones for completion of the transition and reintegration of the Residual Element.

3) Only the Administrator or after the transfer of full governance authority the Transition and Reintegration Implementation Committee may decide to confer Residual Element status to an Armed Force or Militia. Upon approval of the Transition and Reintegration Plan, the Armed Force or Militia shall become a Residual Element.

4) Once a Transition and Reintegration Plan has been approved by the Administrator or after the transfer of full governance authority the Transition and Reintegration Implementation Committee, processes and milestones may be revised only with the consent of the Transition and Reintegration Implementation Committee.

5) Residual Elements of an Armed Force or Militia qualify for the exception in Section 3.1(d) once there is an approved Transition and Reintegration Plan. Continued qualification for the exception in Section 3.1(d) is dependent upon meeting all of the terms of the applicable Transition and Reintegration Plan, and complying with the following conditions:

 a) All Qualified Members of the former Armed Force or Militia registered with the Iraqi Veterans Agency as members of the Residual Element. The Iraqi Veterans Agency shall provide this information to the Ministry of Interior immediately upon registering a new Residual Element.

 b) The Residual Element shall not recruit or otherwise add members, either to its active forces or to its reserve or stand-by forces.

 c) The Residual Element shall not conduct operations or activities of any type, whether armed or unarmed, without express advance authorization from the Ministry of Interior and the Commander of the Multinational Forces operating in Iraq pursuant to United Nations Security Council Resolution 1511, and any relevant subsequent resolutions.

 d) The Residual Element shall not organize, support, or participate in criminal activity, undertake any effort designed to destabilize any portion of Iraq, promote violence, or otherwise threaten the safety and security of the Iraqi people.

 e) The Residual Element and all of its members must promptly register all firearms and weapons with the Ministry of Interior in accordance with CPA Order Number 3 (Revised/Amended), Weapons Control, dated December 31, 2003, and any other applicable Iraqi laws.

 f) The Residual Element shall not manufacture, purchase, or otherwise acquire additional firearms, weapons, or ammunition; nor shall the Residual Element's

members acquire firearms, weapons, or ammunition for use in Militia activities; nor shall the Residual Element or its members import firearms, weapons, or ammunition into Iraq from a foreign country, or hire others to do so on their behalf.

g) The Residual Element and its members shall not endorse, finance, or campaign for candidates for political office at any level.

h) The Residual Element shall be subject to and fully cooperate with such actions as the CPA or government of Iraq following transfer of full governance authority deems necessary to verify compliance with the accepted process and ensure transparency and accountability of the Residual Element's members, functions and operations during the period of transition and reintegration.

6) During the period of transition, the Transition and Reintegration Implementation Committee is responsible for determining if a Residual Element fails to comply with any of the milestones, processes or conditions set out in the agreement required by Section 4.5. A determination that a Residual Element has failed to comply with its Transition and Reintegration Plan disqualifies the Residual Element and all of its members from the exception in Section 3.1(d) and results in re-designating the Residual Element as an Illegal Armed Force or Militia, pursuant to Article 7 of this Order. However, if a Transition and Reintegration Plan is rendered unachievable due to changes in the availability of positions for Residual Element members in any component program, then the Transition and Reintegration Implementation Committee may adjust the Transition and Reintegration Plan, and the Residual Element will not be deemed to have failed to comply with it. Such adjustments will be limited to changes in transition and reintegration schedules, and in particular will not permit an increase in the number of Qualified Members of a residual element.

7) Qualified Members of Residual Elements may be transitioned and reintegrated into Iraqi society using the following processes:

a) Entry of individuals into the Iraqi Armed Forces or other Iraqi security forces. In accordance with administrative instructions to be promulgated by the Ministry of Defence or the Ministry of Interior, as the case may be, and subject to the manning needs of the respective forces, individuals with the appropriate training and experience may enter into the Iraqi Armed Forces or other Iraqi security forces, to include security forces under ministries and agencies other than the Ministry of Interior. In accordance with administrative instructions to be promulgated by the employing ministry or agency, individuals whose service in a former Armed Force or Militia can be characterized and quantified shall be given credit for their time in service.

b) Retirement. In accordance with administrative instructions to be promulgated by the Ministry of Defence, individuals whose service in a former Armed Force or Militia can be characterized and quantified, and who would qualify for retirement had they served in the Iraqi Armed Forces shall be provided the opportunity to retire with the same pension they would have received had they served in the Iraqi Armed Forces.

c) Reintegration. In accordance with administrative instructions to be promulgated by Iraqi Ministries, agencies and the Transition and Reintegration Implementation Committee, individuals who do not qualify for retirement and who do not enter into the Iraqi Armed Forces or other Iraqi security forces shall be offered a reintegration program designed to help assimilate them into Iraqi civil society and economy. Elements that may be included in a reintegration program include skills screening, education benefits, job training and placement, and a limited stipend program. All relevant CPA offices and Ministries will cooperate in supporting established reintegration programs.

Such Qualified Members shall be deemed to be military veterans for purposes of determining eligibility for benefits, preferences and programs, and time in service if they transition into one of the Iraqi Security Forces.

8) In accordance with administrative instructions to be promulgated by the Ministry of Defence, widows and orphans of deceased members of Armed Forces and Militias that are subject to a Transition and Reintegration Plan shall be entitled to benefits based upon the service of the deceased member in accordance with any applicable statutes, regulations and rules determining such benefits for which current members of the Iraqi Armed Forces qualify; provided that the deceased member must have died on or before May 1, 2003, and such deceased member's service can be characterized and quantified.

9) In accordance with administrative instructions to be promulgated by the Ministry of Defence, disabled members of Armed Forces and Militias that are subject to a Transition and Reintegration Plan shall be entitled to benefits based upon their service in accordance with any applicable statutes, regulations and rules determining such benefits for which current members of the Iraqi Armed Forces qualify; provided that the member was disabled on or before May 1, 2003, and the member's service can be characterized and quantified.

10) Any individual receiving benefits or status under this Order shall forfeit the right to such benefits or status should they thereafter participate in an Illegal Armed Force or Militia.

11) In view of the recognition given to Qualified Members in deeming them to have been former soldiers, and consistent with Article 28(B) of the Law of Administration for the State of Iraq for the Transitional Period, in no event may a member of a Residual Element be a member of the National Assembly, Minister, Prime Minister, or member of the Presidency Council unless the individual has resigned his or her commission or rank, or retired from duty in the Residual Element, at least eighteen months prior to serving. Nothing herein shall affect limitations on political activity that will be applicable to Qualified Members who choose to join the Iraqi Armed Forces.

12) Residual Elements and their members shall enjoy no special privileges or immunities and shall be subject to all applicable Iraqi civil, administrative, and criminal laws.

13) Nothing in this Order shall be interpreted as exonerating individuals belonging to Armed Forces, Militias, or Residual Elements from responsibility for criminal acts or war crimes conducted individually or as part of such Armed Forces, Militias, or Residual Elements.

Section 5
Transition and Reintegration Implementation Committee

1) The Transition and Reintegration Implementation Committee ("Committee") is hereby established to exercise oversight of the transition and reintegration process and to take such disciplinary or other action as may be necessary upon a determination that a Residual Element of an Armed Force or Militia no longer qualifies for an exception. The Committee shall be chaired by the Minister of Interior and shall report to the Ministerial Committee for National Security.

 a) In addition to the Minister of Interior, the Committee shall include permanent representatives from the Ministry of Defence, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Labor and Social Affairs, Ministry of Education, Iraqi Veterans Agency (separate from the representative from the Ministry of Defence), and such other ministries, agencies, and governorates as the Ministerial Committee for National Security may determine.

 b) The Chair may invite representatives from other ministries, agencies, and organizations, both governmental and non-governmental, to attend Committee meetings or participate in Committee activities as needed.

 c) The Commander or other representative of the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolution 1511, and any

relevant subsequent resolutions, may be invited to attend and participate in Committee meetings.

2) The functions of the Committee are to:

a) Oversee the status of the various transition and reintegration programs;

b) Revise individual Transition and Reintegration Plans when programs to absorb Residual Element members are not available as planned or for other reasons as agreed to by the Committee and the Residual Element of the Armed Force or Militia involved;

c) Coordinate Iraqi government transition and reintegration policy and implementation with various governmental and non-governmental agencies and Ministries;

d) Regularly inform the Ministerial Committee for National Security, and through it the Administrator or after the transfer of full governance authority the Prime Minister, of the status of transition and reintegration related programs and any issues that affect Iraqi security arising from these programs;

e) Coordinate with the CPA, and subsequently consult with coalition diplomatic missions which are directly supporting Transition and Reintegration Plans, on programs and policy related to transition and reintegration;

f) Coordinate with the Commander of the Multinational Force on Iraqi policy, decisions, and determinations that have security implications; and

g) Perform other functions related to transition and reintegration as determined by the National Security Advisor.

3) The Committee will meet regularly with the leaders of the various Residual Elements, and the political parties that support them, as well as relevant governmental and non-governmental agencies and Ministries to coordinate transition and reintegration efforts and share information.

Section 6
Disciplinary Measures and Penalties

1) An Armed Force or Militia that does not qualify for an exception as set forth in Section 3, or a Residual Element that having previously qualified for an exception under Section 3.1(d) has ceased to so qualify by virtue of failing to continue to meet the criteria for such exception, shall be considered an Illegal Armed Force or

Militia. All weapons and other property, whether movable or immovable, held by an Illegal Armed Force or Militia, shall be subject to immediate confiscation through such measures as may be determined by the Transition and Reintegration Implementation Committee in coordination with the Ministry of Interior and the Commander of the Multinational Force. An Illegal Armed Force or Militia shall be subject to any actions as the Administrator or following the transfer of full governance authority the Transition and Reintegration Implementation Committee decides is necessary for the safety and security of the Iraqi people.

2) All members of an Illegal Armed Force or Militia shall be subject to criminal prosecution in accordance with the laws of Iraq. The Transition and Reintegration Implementation Committee shall notify the Ministries of Justice, Interior and Defense immediately upon a determination that a Residual Element has become an Illegal Armed Force or Militia. Paragraph 135 of the Iraqi Penal Code, Law No. 111 of 1969, as amended, is hereby modified to add the following aggravating circumstance:

"(5) The commission of an offense while acting as a member of an Illegal Armed Force or Militia or while a member of a Residual Element."

3) A person who fills a leadership position or otherwise participates in an Illegal Armed Force or Militia in violation of the prohibition contained in Section 2, or who is a principal, accessory, or conspirator in such violation, shall be subject to judicial action in accordance with the Iraqi Penal Code, Law No. 111 of 1969, as amended, to include possible prosecution under paragraphs 194 and 195 of the Penal Code, and to such other civil and administrative actions as may be provided for in CPA, Orders, Regulations and Memoranda, and in Iraqi laws and regulations.

4) A member of an Illegal Armed Force or Militia may not hold political office at any level. An individual determined to have been a member of an Illegal Armed Force or Militia shall be barred from holding political office at any level for a period of three years from the date such individual ceased to be a member of an Illegal Armed Force or Militia.

5) The penalties specified herein, to include the amendment to the Penal Code, shall apply only to Illegal Armed Forces and Militias and to those who commit criminal offenses after the date this Order is published in the Official Gazette.

6) Any political party, and the leaders of any political party, that controls, supports or is associated with an Illegal Armed Force or Militia shall be subject to penalties in accordance with Iraqi electoral law.

Section 7
Existing Law

Any laws or regulations inconsistent with the provisions of this Order are hereby suspended to the extent they are inconsistent with the provisions of this Order. Nothing in this Order shall affect the rights or obligations of the Multinational Force under United Nations Security Council Resolution 1511, including the right to take measures in relation to Residual Elements or Illegal Armed Forces or Militias necessary to contribute to the maintenance of security and stability in Iraq.

Section 8
Administrative Instructions

Ministers and heads of agencies may issue administrative instructions, not inconsistent with Iraqi law or any CPA Order, Regulation, or Memorandum, as they deem necessary to carry out the duties for their respective ministries and agencies described in this Order.

Section 9
Entry into Force and Effective Dates

This Order shall enter into force on the date of signature.

L. Paul Bremer 6/7/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 92

THE INDEPENDENT ELECTORAL COMMISSION OF IRAQ

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and Resolution 1511 (2003);

Reaffirming the right of the Iraqi people, as recognized in Resolutions 1483 and 1511, to freely determine their own political future;

Noting that the Law of Administration for the State of Iraq for the Transitional Period (the "TAL") provides for the Iraqi people to choose their government through genuine and credible elections to be held no later than 31 January 2005;

Determined to achieve the transitional goals of the TAL, including the drafting and ratification of a permanent constitution, and the establishment of an elected government under that constitution;

Underscoring the need for international cooperation to achieve these goals and the essential role to be played by the United Nations and other internationally recognized experts in electoral administration;

Committed to establishing an impartial and internationally recognized body of Iraqi professionals and expert advisors to coordinate and oversee genuine and credible elections in Iraq;

Having consulted extensively with the Iraqi Governing Council and representatives of the United Nations, I hereby promulgate the following:

Section 1
Purpose

This Order establishes the Independent Electoral Commission of Iraq (the "Commission") and empowers the Commission to organize, oversee, conduct, and implement all elections set forth in the TAL. The Commission is structured to ensure complete independence from political influence and to benefit from close consultation with international entities, such as the United Nations, that have impartially and effectively administered genuine and credible elections in nations emerging from periods of tyranny, conflict, and violent strife.

Section 2
Definitions

For purposes of this Order, the following definitions shall apply. Words importing the singular include and apply to several persons, parties, or things; words importing the plural include the singular; and words importing the masculine gender include the feminine:

1) "Transfer of Authority" means the formal transfer of governmental authority from the Coalition Provisional Authority to the Iraqi Interim Government.

2) "Transitional Period" means the period commencing with the Transfer of Authority and lasting until the formation of an elected Iraqi government pursuant to a permanent constitution.

3) "Iraqi Interim Government" means the government that will assume governmental authority on 30 June 2004 and retain such authority until the formation of the Iraqi Transitional Government.

4) "Iraqi Transitional Government" means the government that is to be established after nationwide elections occurring no later than 31 January 2005.

5) "Elections Law" means the law that will govern elections during the transitional period.

6) "Political Parties Law" means the law that will govern the recognition of political entities in Iraq during the Transitional Period.

7) "Council of Judges" means the independent body of judges and other impartial officers that was re-established in CPA Order No. 35.

8) "Higher Juridical Council" means the independent body that will assume the role of the Council of Judges upon the Transfer of Authority, as set forth in Article 45 of the TAL.

9) "Disqualifying Crime" means a crime committed with intent to cause bodily harm to an individual or group of individuals.

Section 3
Establishment of the Commission

1) The Independent Electoral Commission of Iraq is hereby established as an independent and autonomous, non-partisan, neutral and professional government office that shall have authority to promulgate, implement, and enforce regulations, rules and procedures with the full force of law in connection with elections during the Transitional Period. It is independent of the executive, legislative and judicial branches of government, and it shall be the exclusive electoral authority throughout Iraq during the Transitional Period. The Commission shall be made up of the Board of Commissioners (the "Board") and the Electoral Administration.

2) The principal duty of the Commission is to ensure the successful administration of elections in accordance with the TAL. To that end, the Commission is empowered to take all necessary measures consistent with Chapter Two of the TAL to oversee and administer genuine and credible elections throughout Iraq. The Commission will benefit from the experience of international electoral experts, including, especially, the United Nations.

3) The Commission shall have the following principal functions, in addition to any other function the Board finds appropriate for carrying out the Commission's electoral functions:

 a) Determine, establish, develop, certify, subdivide, and maintain the voter roll;
 b) Help build societal support for and confidence in the electoral process throughout Iraq;
 c) Regulate and conduct the registration and certification of political parties;
 d) Regulate and conduct the registration and certification of candidates for office;
 e) Accredit election observers and other officers engaged in monitoring and/or observing elections in Iraq;
 f) Manage the polling and ballot tabulation activities;
 g) Adjudicate electoral grievances and disputes; and
 h) Certify election results.

Section 4
The Board of Commissioners

A Board of Commissioners ("Board") shall head the Commission. The Board shall have the exclusive authority to promulgate, implement, and enforce regulations, rules, procedures and decisions, and take any other action consistent with Chapter Two of the TAL to ensure the successful organization, planning, implementation and oversight of nationwide and local elections throughout Iraq. The Board shall act

strictly within its mandate under this Order and shall not attempt to regulate or exert influence over activities that are not fairly related to the administration of elections during the Transitional Period.

Section 5
Board of Commissioners Organization

1) The Board shall consist of nine members, including seven voting members who shall be Iraqi citizens, and two non-voting members. The two non-voting members shall be the Chief Electoral Officer ("CEO") as described in Section 6(2) of this Order and an international electoral expert to be chosen by the United Nations. The Board's seven voting members shall serve until a new Commission is formed after the end of the Transitional Period, or until three months after the certification of the first election conducted under a permanent constitution, whichever is shorter. Board decisions shall, wherever possible, be taken on consensus. Where consensus cannot be reached, a simple majority of the voting members present – provided that a quorum is present – shall prevail unless this Order stipulates otherwise.

2) Iraqi nationals and Iraqi organizations may propose nominees for the Board's seven voting members to the United Nations. Drawing from these nominations, the United Nations will create a list of qualified candidates and present it to the Governing Council, which will rank candidates from the list for appointment by the Administrator. Thereafter, the Administrator shall appoint the Board's seven voting members. The Secretary General of the United Nations shall appoint the international electoral expert to serve as a non-voting member of the Board.

3) All voting members of the Board shall be Iraqi citizens and shall be chosen based on their reputation for impartiality, integrity, rectitude, professionalism and good judgment and must meet the criteria in Article 31(B) of the TAL. Persons who will be deemed an Iraqi citizen pursuant to Article 11 of the TAL, or who will be entitled to reclaim Iraqi citizenship pursuant to Article 11 of the TAL, shall fulfill the citizenship requirement for Board membership. Preferred qualifications for Board membership include demonstrated skills in administration, justice, education, commerce, social advocacy, and other forms of civil leadership.

4) The seven voting Board members and the CEO shall receive compensation equivalent to the Head of a Ministry and no Board member shall hold paid employment while serving out his or her term, except as permitted by regulations to be promulgated by the Board. In addition, no Board member may hold or run for public office in any capacity with any government agency at any government level while serving out his or her term.

5) Each Board member shall take an oath of office pledging to perform the duties of the office in an independent, non-partisan, neutral and professional manner. The actions of Board members shall be governed by this oath, as well as by rules of ethics to be developed by the Board shortly after its formation. If a Board member is convicted of a Disqualifying Crime, that member can be removed from office by a two-thirds majority vote of the Board. If a Board member knowingly violates the Board's rules of ethics, or suffers permanent incapacitation, that member can be removed from office by a two-thirds majority vote of the disinterested members of the Board, provided that this vote is accompanied by the assent of the Board's international electoral expert.

6) In the event of a vacancy before the Transfer of Authority by reason of death, resignation, or removal of any Board member, a new Board member will be appointed pursuant to the procedure in Section 5(2) above. Should such a vacancy arise after the Transfer of Authority but before the election of a National Assembly pursuant to the TAL, the United Nations will present a list of not less than three qualified candidates to the Iraqi head of government, who will appoint a new Board member. Should such a vacancy arise upon or after the election of a National Assembly pursuant to the TAL, the United Nations will present a list of not less than three qualified candidates to the President of the National Assembly, who will appoint a new Board member.

7) As the first point of order at the Board's inaugural meeting, the Board shall select a President and Vice President from among its voting members. The President shall manage the Board's regulatory activities and policy discussions; regularly schedule, convene and chair all Board meetings, including any meeting requested by at least four members of the Board; and report on electoral progress to other branches of the Iraqi government, the Iraqi people, and the international community. When the President is unavailable, the Vice President shall assume these duties.

8) The Board shall begin hiring staff to service its responsibilities immediately after selection of the President and Vice President. Staffing needs shall be evaluated and completed with the assistance of the United Nations and other appropriate organizations. The Board shall appoint a Secretariat to provide such services as recordkeeping, legal research, secretarial services, and other responsibilities specific to the business of the Board.

9) The Iraqi government shall ensure that the Commission receives all of the resources necessary for administering elections throughout the Transitional Period. Notwithstanding the foregoing, the Commission may seek to enlist the international community for appropriate assistance in this regard, including the direct provision of additional funds or resources. All Commission resources shall be solely managed and

obligated by the Commission. The CEO shall be responsible for the accounting of these resources.

Section 6
Electoral Administration

1) The Commission shall have an Electoral Administration headed by the CEO and made up of the National Office and Electoral Offices, which shall be established in the governorates and the regions. The Electoral Administration shall answer to the Board and shall be in charge of administering the Board's regulations, rules, procedures, and decisions at the local and regional level throughout Iraq. The structure and precise role of the National Office and the Electoral Offices shall be defined by the Board pursuant to regulations that shall issue promptly after the selection of the Board President and Vice President.

2) The CEO, under direction of and subject to oversight by the Board, shall organize the Electoral Administration, including the National Office and the Electoral Offices throughout the country.

 a) Iraqi nationals and Iraqi organizations may propose nominees for the CEO to the United Nations. Drawing from these nominations, the United Nations will create a list of qualified candidates and present it to the Governing Council, which will rank the candidates prior to submission to the Administrator, who shall appoint one of the qualified candidates as the CEO.

 b) The CEO shall be an ex-officio non-voting member of the Board and shall serve as the Commission's principal administration and operations officer. The CEO shall provide the link between the Board and the Electoral Administration at the local and regional level throughout Iraq.

 c) If the CEO is found to have violated the rules of ethics developed by the Board, is convicted of a Disqualifying Crime, suffers permanent incapacitation or is determined to be unfit to serve, the CEO may be removed from the position by a two-thirds majority vote of the Board.

 d) In the event of a vacancy by reason of death, resignation, or removal of the CEO before the Transitional Period, a new CEO will be appointed pursuant to the procedure in paragraph (a) above. In the event of a vacancy by reason of death, resignation, or removal of the CEO during or after the Transitional Period, the United Nations will present a list of qualified candidates to the Board, which shall select one candidate by a majority vote for appointment as the new CEO.

3) The Electoral Administration is wholly subordinate to the Board but separate from the Board's staff and Secretariat established in Section 5(8) of this Order. Accordingly, the CEO shall ensure that the Electoral Administration is staffed with all appropriate resources and personnel at the local and regional levels as soon as practicable after the selection of the President and Vice President.

Section 7
Dispute Resolution

1) The Board has exclusive jurisdiction with respect to the civil enforcement of its own procedures and regulations. The Board may refer a criminal case to appropriate authorities if it finds evidence of criminal misconduct relating to the integrity of the electoral process.

2) Except as provided herein, and in Section 7(3) of this Order, the Board has exclusive jurisdiction to resolve disputes arising out of the preparation for and execution of national, regional and governorate elections throughout the Transitional Period. The Board shall promulgate necessary procedures for resolving such disputes, including procedures for filing a claim and conducting expedited factual inquiries, and may delegate jurisdiction to resolve disputes in the first instance to the Electoral Administration .

3) Decisions of the Board may be appealed only to a Transitional Electoral Panel (the "Panel") composed of three judges appointed by the Higher Juridical Council. Panel judges are not members of the Commission for the purpose of Article 51 of the TAL and are not required to sit exclusively on the Panel. Any work associated with the panel, however, must take priority over all other matters.

4) Appellate review shall only be permissible for final decisions of the Board, and no Board decision may be overturned unless the Panel determines that the decision was arbitrary, capricious, in excess of jurisdiction, or rendered in bad faith. Administrative and interlocutory decisions may not be appealed. Decisions by the Board are binding until overturned by the Panel. An appeal of any final decision must be submitted by an individual or entity directly implicated in the decision within two days of the publication of the decision. Such appeals may be submitted to the National Office or any Electoral Office.

5) Within two days of submission of any appeal, the Panel must determine if the appeal satisfies the jurisdiction and standing requirements set forth in this Section 7(4).

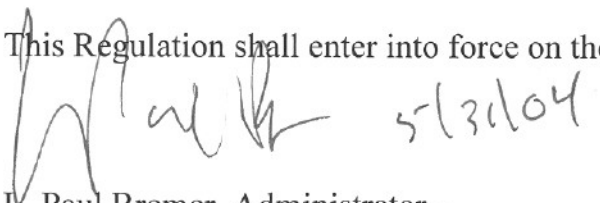
6) If the Panel determines that the appeal has adequate jurisdiction and standing, such appeal must be decided within ten days of that determination. All decisions of the

Panel shall be final and not subject to review by any other authority, including a judicial authority. If an appeal is not decided by that deadline, the decision of the Board will continue in force and may not be overturned.

7) Upon its formation, the Panel shall establish general procedures consistent with this Order for resolving appeals. Such procedures must be submitted to the Board for review and approval.

Section 8
Effective Date

This Regulation shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 93

ANTI-MONEY LAUNDERING ACT OF 2004

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to improve the conditions of life for the Iraqi people by combating terrorism, financial crime, and fraud,

Realizing that effective deterrence and policing of terrorism, financial crime and fraud requires rigorous controls aimed at the heard of these illegal activities,

Recognizing the need for an effective legal framework regulating financial transactions,

Further recognizing the need to ensure the well-being of the Iraqi people and to enable the social functions and normal transactions of everyday life,

I hereby promulgate the following:

Section 1
Purpose

The purpose of the Anti-Money Laundering Law is to secure financial institutions and combat instability by criminalizing the acts of laundering money, financing crime, financing terrorism, and structuring certain transactions.

Section 2
Anti-Money Laundering Law

The Anti-Money Laundering Law attached to this Order as Annex A shall have the full force and effect of law.

Section 3
Inconsistent Legislation

Any provision of Iraqi law issued prior to the date of this Order that is inconsistent with this Order or Annex A is hereby suspended to the extent of such inconsistency.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

6/3/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

IRAQ

ANTI-MONEY LAUNDERING LAW OF 2004

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Section 1: General Provisions

Article 1: Declaration of Purpose

This Anti-Money Laundering Law of 2004 (the "Law") governs financial institutions in connection with: money laundering; financing crime, financing terrorism; and the vigilance required of financial institutions in regard to financial transactions. The Law also makes it a crime to launder money, finance crime, finance terrorism, and structure transactions.

Article 2: Definitions

As used in this Act, unless otherwise indicated:

1. "Money laundering" refers to the acts described in Article 3.

2. "Financing of crime" refers to the acts described in Article 4.1.

3. “Terrorist financing” refers to the acts described in Article 4.2

4. "Structure a transaction” means to conduct or attempt to conduct a financial transaction with the intent to avoid a reporting requirement under this law or established pursuant to the provisions of Article 20 or 21.

5. "Financial institution" shall include the following:

 a. banks;
 b. the managers of investment funds;
 c. insurance institutions, if they carry on direct life assurance business or offer or distribute shares in investment funds;
 d. persons who trade in securities;
 e. money transmitters, direct and indirect, and formal and informal, including persons who provide services related to payments, including but not limited to electronic transfers on behalf of third parties, and persons who issue or manage means of payment, such as credit cards and travelers checks, or persons who undertake hawala transactions;
 f. foreign currency exchange houses, or any other entity that effects foreign exchange transactions on a regular basis above 15 million Iraqi dinar per week.

6. "Financial institution" shall also refer to persons who, on a professional basis, accept, keep on deposit, invest or transfer, or assist in the investment or transfer, of financial assets belonging to others. Such persons shall include, but not be limited to, those who:

 a. undertake credit transactions (including consumer credit or mortgages, factoring, financing of commercial transactions or financial leasing);
 b. trade, on their own account or for others, in bank notes or cash, money market

instruments, currency, precious metals, raw materials for use in production of
c. other items, commodities, or securities (bearer or other), and derivatives of any such tradable items;
d. offer or distribute shares in funds, in the capacity of distributor of a domestic or foreign investment fund, or in the capacity of representative of a foreign investment fund;
e. undertake asset management;
f. make investments as investment adviser;
g. keep or manage securities; and
h. deal in precious metals, stones, or jewels.

The CBI may, by regulation, determine that the definition of financial institution applies only to entities above a specified size and designate other persons who shall also be considered financial institutions for purposes of this Act.

7. “Person” means a natural person or a juridical person.

8. “Customer” means a person to whom a financial institution provides a product or service, and includes a person who either holds or opens an account, as well as a person who receives a product or service from a financial institution that does not involve an account, such as cashing a check, sending a wire transfer, or selling a check or money order.

9. "Suspicious transaction" refers to a transaction, including but not limited to the opening of an account, if the financial institution knows, suspects, or has reason to suspect that:

a. the transaction involves funds derived from illegal activities or money laundering or the transaction is intended or conducted in order to evade any law or regulation or to avoid any transaction reporting requirement under any law or regulation, including but not limited to the requirements of Article 20 of this Act;
b. the transaction involves funds intended for financing of crime, including, but not limited to, terrorism;
c. the transaction involves funds or assets over which a criminal organization has power of disposal;
d. the transaction is designed to evade any requirements of this Law or any regulations or orders issued under the authority of this Act; or
e. the transaction has no apparent business or other lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the bank knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

10. "Insurance institution" refers to an institution that underwrites or brokers insurance, or otherwise participates in the provision of insurance policies to any person.

11. "Insurance" refers to an agreement that requires one party to indemnify another against loss in return for premiums paid, whether or not the agreement also regards

an investment by the insured related to but in addition to the indemnification specified.

12. "CBI" refers to the Central Bank of Iraq.

13. "Reporting Office" and "MLRO" refer to the Money Laundering Reporting Office.

14. “Beneficial owner” means a person, whether or not named as the owner, who can effectively manage or direct the use of the funds in an account.

15. "Non-public," for the purpose of Article 14, means information or documents disclosed to or gathered by a body of the Government of Iraq, which information or documents is or are not commonly available or widely known in the public.

16. "Monetary instrument" means both Iraqi and foreign currency, bank notes, checks, promissory notes or other evidence of indebtedness, loans, traveler's checks, wire transfers, all negotiable instruments in such form that title passes upon delivery, all incomplete instruments signed but with the payee's name omitted, and securities or stock in bearer form or otherwise in such form that title passes upon delivery and any other items that the CBI may deem appropriate.

17. “1267 Committee” means the United Nations Security Council Committee established pursuant to paragraph 6 of United Nations Security Council Resolution 1267 (1999), which oversees the implementation by States of the sanctions imposed by the Security Council on individuals and entities belonging or related to the Taliban, Usama Bin Laden and the Al-Qaida organization and maintains a list of individuals and entities for this purpose.

18. “Former Iraqi Regime” means the Saddam Hussein regime that governed Iraq until on or about April 9, 2003.

19. “Development Fund for Iraq” means the fund established on or about May 21, 2003 on the books of the Central Bank of Iraq and all accounts held for the fund or for the Central Bank of Iraq in the name of the fund.

20. “Iraqi person” means any Iraqi citizen or any juridical person organized under the laws of Iraq.

21. “Foreign person” means a natural or juridical person that is not an Iraqi person.

22. “Other senior official” means an individual who had a position in a ministry, armed forces , governmental entity or semi-governmental entity during the time that the former regime was in power at the minister level or director general of a ministry level or the rank of at least brigadier general, or equivalent civilian or military position, and who was a full member of the Ba`ath Party holding the rank of ‘Udw Qutriyya (Regional Command

Member), ‘Udw Far’ (Branch Member), ‘Udw Shu’bah (Section Member), or ‘Udw Firqah (Group Member).

23. ‘Immediate family member” means spouse, father, mother, brother, sister, son, or daughter.

Section 2: Penalties

Article 3: Money Laundering

Whoever conducts or attempts to conduct a financial transaction that involves the proceeds of some form of unlawful activity knowing that the property involved is the proceeds of some form of unlawful activity, or

Whoever transports, transmits, or transfers a monetary instrument or funds that represent the proceeds of some form of unlawful activity knowing that the monetary instrument or funds represent the proceeds of some form of unlawful activity—

(a) With the intent to promote the carrying on of unlawful activity, to benefit from unlawful activity, or to protect from prosecution those who have engaged in unlawful activity; and

(b) Knowing that the transaction is designed in whole or in part—

(i) to conceal or disguise the nature, location, source, ownership, or control of the proceeds of unlawful activity; or

(ii) to avoid a transaction or other reporting requirement,

Shall be sentenced to a fine of not more than 40 million Iraqi dinar, or twice the value of the property involved in the transaction, whichever is greater, or imprisonment for not more than 4 years, or both.

Article 4: Financing of Crime and Terrorist Financing

1. **Financing of Crime** Whoever provides property, or conceals or disguises the nature, location, source, or ownership of property, knowing or intending that such property is to be used in preparation for, or in carrying out, a violation of law, or in preparation for, or in carrying out, the concealment of an escape from the commission of any such violation, or attempts or conspires to do such an act, shall be fined not more than 20 million Iraqi dinar, or imprisoned for not more than 2 years, or both.

2. **Terrorist Financing** Whoever provides, or invites another person to provide, property, support, or financial or other related services intending that it be used, or knowing that it will likely be used, in whole or in part, to carry out

 a. An act or omission that provides a benefit to a terrorist group, or

b. Any other act or omission intended to cause death or serious bodily harm to a civilian or any other person not taking an active part in the hostilities in a situation of armed conflict, if the purpose of the act or omission is to intimidate the public or to compel a government or an international organization to do or refrain from doing any act,

shall be fined not more than 20 million Iraqi dinar, or imprisoned for not more than 2 years, or both.

3. "Property" for purposes of this Article includes but is not limited to currency, monetary instruments, and financial securities.

Article 5: Structuring transactions

Whoever—

a. causes or attempts to cause a financial institution, as that term is used for purposes of that Act, to fail to file a report required under Article 20; or
b. structures or assists in structuring, or attempts to structure or assist in structuring, any transaction with one or more financial institutions,

shall be fined not more than 10 million Iraqi dinar or imprisoned for not more than 1 year, or both.

Article 6: Property forfeiture

1. **Criminal Finance** Any court, in imposing sentence on a person convicted of an offense in violation of Articles 3, 4, 5, Article 19.4, or Article 20.5 of this Act, if the violation was committed intending to, or knowing that the likely result would be to, aid another person in the commission of a crime, or aid another person in the evasion of prosecution for a crime already committed, shall order the person to be sentenced to forfeit to the Government of Iraq any property, real or personal, including but not limited to funds, involved in the offense, or any property traceable to the property, or any property gained as a result of the offense, without prejudicing the rights of bona fide third parties.

2. Blocked Property

a. Funds or other financial assets or economic resources (excluding real property, a claim for which falls within the jurisdiction of the Iraqi Property Claims Commission pursuant to CPA Regulation Number 8) that have been either removed from Iraq, or acquired, by Saddam Hussein or other senior officials of the former Iraqi regime and their immediate family members, including entities owned or controlled, directly or indirectly, by them or by persons acting on their behalf ("Ba'ath Party persons")or at their direction that are within or hereafter come within Iraq, are blocked. Property that is blocked may not be transferred, paid, exported, withdrawn, or otherwise dealt in. The Minister of Finance, with the approval of the Council of Ministers, is authorized to confiscate property that

is blocked pursuant to this Article 6.2 subject to a prior judicial, administrative, or arbitral lien or judgment issued by a court of competent jurisdiction, and subject to such rights of appeal as may be provided by law. All right, title, and interest in such confiscated blocked property shall promptly be transferred to the Development Fund for Iraq (DFI) or the successor to the DFI, if any. Should there be no successor to the DFI, such confiscated blocked property shall be transferred to the Ministry of Finance. Upon transfer to the DFI, its successor, or the Ministry of Finance (as appropriate), such confiscated blocked property shall be unblocked. Any transaction by an Iraqi or foreign person within Iraq that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions of this Article 6.2 is prohibited and shall constitute a money laundering violation under Article 3 of this Law. A person whose property is blocked pursuant to this Article 6.2 may appeal the action taken to the Financial Services Tribunal under Section 12 of the Central Bank of Iraq law.

b. For purposes of this Article, a person is considered to be "acting on behalf of" another to the extent that the person is authorized by formal or informal contract to take significant actions for the other or, whether there is an agreement or not, the person takes significant actions for the benefit of the other as if they were the agent of the other. This Article 6.2 applies to funds, financial assets, or other economic resources that between July 17, 1968 and April 16, 2003 were: (i) confiscated, seized, or expropriated by the Ba'athist Government of Iraq or Ba'ath Party persons for reasons other than legitimate governmental purposes such as taxation, customs, anti-narcotics activities or enforcement of criminal penalties; or (ii) expropriated as a result of opposition to the Ba`athist Government of Iraq, or as a result of ethnicity, religion, sect of the owners, or for purposes of ethnic cleansing. Property owned by the Government of Iraq and/or occupied by acting government ministers or other acting government officials pursuant to a transaction that is lawful and has a legitimate governmental purpose (including reasonable compensation of governmental officials) shall not be subject to this Article 6.2.

Section 3: Supervision

Article 7: Duties

1. With respect to this Act, the Central Bank of Iraq (the "CBI") shall perform the following duties:

 a. The CBI shall supervise compliance of financial institutions with their obligations under Section 5.
 b. The CBI shall inform the financial institutions it supervises of their obligations under Section 5, and may issue regulations directing how they must comply The regulations shall require all financial institutions to establish internal policies, procedures, and controls adequate for the institutions' businesses, and adequate employee training programs, and shall require banks and those other financial

institutions that the CBI designates, to designate a compliance officer and an independent audit function to test the institution's AML program.

c. The CBI shall issue and periodically update a list of financial activities which may constitute "suspicious transactions" for the purposes of this Act, including money laundering, financing crime, financing terrorism, transactions involving funds over which a criminal organization has a right of disposal, or transactions designed to evade reporting, recording, or other legal requirements. The CBI shall publish the list for the benefit of financial institutions.
d. The CBI shall have the authority to delegate its supervisory powers to other supervisory authorities set up by other Acts, in which case the CBI shall supervise the activities of those authorities, while retaining the authority, in the CBI's sole discretion, to act regarding any financial institution's obligations under Section 5. Any such authorities shall ensure that regulatory provisions applicable in their respective fields are substantively equivalent.
e. The CBI shall either perform on-site examinations of financial institutions for which it has direct responsibility, or, in the alternative, instruct an auditing body that the CBI designates to perform examinations and forward any reports of such examinations directly to the CBI.
f. The CBI shall compile and provide to financial institutions a list of individuals and institutions whose transactions the financial institutions are to report to the relevant body of the Government of Iraq upon discovery. The list shall include, but not be limited to, the New Consolidated List of Individuals and Entities Belonging to or Associated with the Taliban and Al-Qaida Organization as Established and Maintained by the 1267 Committee.

2. The CBI is authorized to create offices to execute any of its responsibilities as designated in this Act, and to promulgate regulations governing the manner in which those responsibilities are executed.

Article 8: Right to Information

The CBI is authorized to require financial institutions it supervises and the institutions' auditing bodies to provide to the CBI all information and documents needed for the performance of the CBI's duties.

Article 9: Regulatory Enforcement

1. If the CBI determines that a financial institution it supervises has violated this Law it may take appropriate enforcement measures. In particular, the CBI may:

 a. issue an order to cease the activity resulting in the violation;
 b. assess a monetary penalty under the provisions of the Central Bank of Iraq Law to the violating institution, or any person engaged in or participating in activity violating this Act;
 c. publish the results of any enforcement action, including the name(s) of any persons involved;

d. issue an order that a person found to have violated this Law or participated in a violation of this Law shall not be permitted to be involved in the affairs of a financial institution either permanently or temporarily;
e. withdraw authorization to act as financial institutions, if the institutions themselves or persons responsible for administering or managing their business are found to have seriously or repeatedly violated their obligations under this Act.

2. A person subject to an enforcement measure described in Article 9.1 may appeal the action taken to the Financial Services Tribunal under Section 12 of the Central Bank of Iraq law.

Article 10: Other powers

The CBI shall retain all other powers granted it under other Acts.

Article 11: Funding

The CBI may require payment or reimbursement from a financial institution it supervises for the cost of the CBI's supervisory activity under this Law (including the cost of legal, accounting, and auditing fees).

Article 12: Money Laundering Reporting Office

1. The CBI shall establish the Money Laundering Reporting Office, which shall be administratively subordinate to the CBI but shall retain operational independence. The Reporting Office shall:

 a. collect, process, analyze, and disseminate information on financial transactions subject to financial monitoring and reporting;

 b. participate in implementing Iraqi policy on preventing money laundering, financing of crime, and financing of terrorism;

 c. cooperate and interact with and exchange information with Iraqi state authorities, competent bodies of other countries and international organizations on money laundering, financing of crime, and financing of terrorism;

 d. represent Iraq, according to the established procedure, in international organizations dealing with preventing money laundering, financing of crime, and financing of terrorism.

2. The Reporting Office shall be staffed and funded separately from the CBI, but shall be administratively subordinate to the Governor of the CBI.

3. The Reporting Office shall verify information reported to it, and shall take such steps, and shall have the authority to take such steps, including but not limited to the promulgation of regulations by the CBI as are necessary in order to fulfill its duties under this Act.

4. If the MLRO reasonably suspects that a transaction, conducted or attempted, involves funds derived from illegal activities, money laundering, funds to be used in the financing of crime, funds that a criminal organization has a right of disposal over, terrorist financing, or that the transaction is otherwise in furtherance of an illegal purpose, it shall immediately notify the competent prosecuting and investigative authority.

5. The Reporting Office shall respond to any inquiry by a financial institution under Article 18 paragraph 2, within one week of the inquiry, by providing guidance to that institution as to how that institution should proceed. Guidance may include: informing the competent prosecutor's office, performing further research on the issues causing the financial institution's concern, filing a formal report of a suspicious transaction with the MLRO, or taking no action other than completing the transaction as requested by the customer. The guidance shall be binding upon the financial institution and all other affected parties.

6. No officer or employee of the CBI who learns of a suspicious transaction that has been reported may disclose to any person involved in the transaction that the transaction has been reported, other than as necessary to fulfill the official duties of the officer or employee.

Section 4: Mutual Administrative Assistance

Article 13: In General

1. The CBI and the Money Laundering Reporting Office may, in the CBI's discretion, provide information and documents to Iraqi governmental ministries, authorities, and agencies concerning matters governed by this Law and may request from Iraqi governmental ministries, authorities and agencies any information and documents the CBI believes may be useful or necessary to carry out the CBI's and MLRO's responsibilities under this Act

2. The prosecuting authorities shall notify the Reporting Office of all pending procedures relevant to this Law and of judgments and cases dismissed.

3. The Reporting Office shall inform the CBI of decisions by prosecuting authorities.

Article 14: Central Bank of Iraq and Money Laundering Reporting Office

The CBI and the Reporting Office may request foreign authorities responsible for supervision of financial institutions or markets, foreign financial intelligence units, or criminal or judicial prosecution authorities, to provide them with information and documents required for the performance of their duties. The CBI and the Reporting Office may share with such foreign authorities as are prepared to provide reciprocal services to the CBI and Reporting Office, information and documents, including non-public information and documents, within their discretion, related to or gathered pursuant

to this Act, for the purpose of preventing money laundering or the commission of crime, including but not limited to terrorist financing.

Section 5: Obligations of Financial Institutions

Article 15: Verification of the Identity of the Customer

1. Upon opening an account for a customer for any amount, or performing a transaction or series of potentially related transactions whose value is equal to or greater than 5 million Iraqi dinars for a non account holder, whether an individual or legal person, the financial institution involved should obtain and record the customer's: legal name and any other names used; correct permanent address including the full street address; telephone number, fax number, and e-mail address; date and place of birth; for a legal person, charter or other establishing document; nationality; occupation, public position held and/or name of employer; an official personal identification number or other unique identifier contained in an unexpired official document (e.g. passport, identification card, residence permit, driving license) that bears a photograph of the individual customer; type of account and nature of the banking relationship; and signature. The financial institution may determine the extent it uses these measures on a risk sensitive basis depending on the type of customer, business relationship or transaction, but shall verify all information collected.

2. Where a financial institution is performing a transaction for a non account holder and the total value of the transaction or series of possibly related transactions is less than 5 million Iraqi dinars, the financial institution need only collect and verify the customer's name and address.

3. A financial institution that has reason to know of a suspicious transaction must collect the information described in paragraph 1 even if the amount involved does not exceed the threshold amount.

4. The institution shall check the name of the customer against the list compiled by the CBI under Article 7.1.b of this law of individuals and institutions designated by the CBI for reporting to the Government of Iraq, and shall immediately report any matches to the relevant government body.

5. A financial institution shall take the action required by this article in retrospect, regarding any account established prior to the effective date of this Act, unless the financial institution reasonably believes that it knows the true identity of the customer.

Article 16: Identification of the Beneficial Owner of Funds

1. The financial institution shall require the customer to provide a written declaration of the owner of funds, if:

 a. the customer is clearly not the owner or, in the opinion of the financial institution and at its discretion, the ownership of funds is subject to doubt; or

b. a cash transaction is effected for a sum greater than 10 million Iraqi dinars.

2. The financial institution shall verify the identification information provided under this Article.

Article 17: Further Verification of Identity

1. When, in the course of conducting business, the financial institution has reason to doubt the identity of the customer or the beneficial owner of the funds, the financial institution shall take steps to further verify identity. The financial institution shall undertake such verification as is necessary in order to form a reasonable belief that it knows the true identity of its customer and/or any beneficial owner of the funds involved. The financial institution must have in place procedures, including escalation protocols, to resolve discrepancies and to decline or cease to do business with a customer when it cannot form a reasonable belief as to the customer or beneficial owner's true identity, and shall report any suspicious transactions to the Money Laundering Reporting Office.

2. If an insurance company refunds a premium or distributes or transfers a benefit, the insurance company shall verify the identification of the beneficial owner if the beneficial owner is not the person designated as beneficial owner when the contract was entered into.

Article 18: Further Verification of Purpose and Nature of Transactions

1. The financial institution shall immediately verify the source of funds, and the purpose and intended nature of a transaction or business relationship, when there is reason to suspect that assets are the proceeds of a crime, that they may be intended for the financing of crime or terrorist financing, or that a criminal organization has power of disposal over them.

2. A financial institution that has reason to know that a proposed transaction or series of transactions is/are suspicious transactions shall immediately report to and seek guidance and direction from the Money Laundering Reporting Office. Any financial institution or other person making such a report shall be entitled to the protection of Article 22 paragraph 1 of this Act.

3. If the financial institution makes full disclosure of the facts and circumstances to the Reporting Office, and follows the guidance of the Reporting Office, neither the institution nor any director, officer, employee, or agent of the financial institution, shall be liable to any person under any law or regulation of Iraq, any constitution, law, or regulation of any political subdivision of Iraq, or under any contract or other legally enforceable agreement, including any arbitration agreement, for acting in accordance with the direction of the MLRO, or for any failure to provide notice of such action to any person involved or affected.

4. A financial institution seeking verification under paragraph 1 or making a report to the Money Laundering Reporting Office under paragraph 2 shall immediately freeze the relevant assets until the financial institution receives any necessary verification and/or any necessary guidance from the Money Laundering Reporting Office.

5. An institution acting under this Article shall not reveal to the customer, or a third party other than the Money Laundering Reporting Office or an Iraqi government office, that verification is being or has been sought for the purpose of ascertaining an illegal purpose or connection to a transaction, that guidance is being or has been sought, or that assets are or have been blocked, except that the institution shall, in response to a request by the customer to use blocked assets, explain that the assets have been blocked and refer the customer to the Reporting Office.

Article 19: Reporting Obligation

1. A financial institution that has reason to know that a suspicious transaction has occurred, whether effected by a customer or other person, where the total value of the transaction or series of potentially related transactions is equal to or greater than 4 million Iraqi dinars or, in the case of suspected structuring transactions to evade reporting requirements, regardless of the amount, shall notify the Money Laundering Reporting Office of the transaction, including all facts and circumstances. Such a report shall be made as soon as is reasonably possible, but in no case later than 14 days after the occurrence of the event causing suspicion or giving reason for suspicion. An institution making a report under this paragraph shall not reveal that fact to a customer or other third party.

2. A financial institution may report a transaction or transactions to the Money Laundering Reporting Office under this Article, if the financial institution believes that the transaction or transactions are relevant to a possible violation of any law or regulation, even if the report is not required under this Act.

3. Financial institutions shall keep separate files containing all documents related to reporting pursuant to this Article. Financial institutions shall only transmit data in such files to the CBI, the Money Laundering Reporting Office and the prosecuting authorities. Such records must be retained for at least five years after the reporting of information to the Money Laundering Reporting Office. In the event that the financial institution is thus notified by the CBI or MLRO, such records must be maintained indefinitely until otherwise directed by the CBI or MLRO.

4. A person who willfully violates the provisions of paragraph 1 shall be fined not more than 10 million Iraqi dinars, or imprisoned for not more than 1 year, or both.

Article 20: Cash Transaction Reports

1. The CBI may by regulation require each financial institution to file a report with the MLRO of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to such financial institution which involves a transaction in currency or other monetary instrument of more than 15 million Iraqi dinars, except as

otherwise provided in this Article. In the case of suspected structuring transactions to evade reporting requirements, the financial institution shall file a report of the transaction or transactions regardless of amount involved.

2. "Financial institution" for purposes of this Article, includes all of its domestic branch offices, and any recordkeeping facility, wherever located, that contains records relating to the transactions of the institution's domestic offices.

3. For purposes of this Article, multiple currency transactions shall be treated as a single transaction if the financial institution has knowledge that they are by or on behalf of any person and result in either cash in or cash out totaling more than 15 million Iraqi dinars during any one business day. Deposits made at night or over a weekend or holiday shall be treated as if received on the next business day following the deposit.

4. No bank is required to file a report under this Article with respect to any transaction in currency between the bank and:

 a. Another bank to the extent of the bank's domestic operations;
 b. A department or agency of the Government of Iraq, or any political subdivision of Iraq;
 c. Any entity established under the laws of Iraq or a political subdivision thereof, that exercises governmental authority on behalf of the Government of Iraq or such political subdivision; or
 d. Any other person so designated by the CBI, in the CBI's sole discretion.

5. A person who willfully violates any reporting requirement under paragraph 1 shall be fined not more than 10 million Iraqi dinars or imprisoned for not more than 1 year, or both.

Article 21: Cross-Border Currency Reporting Requirement

1. The Central Bank of Iraq is authorized to require all persons to submit a report of currency and monetary instruments with the Money Laundering Reporting Office and/or the Iraq Customs Service when transporting currency or other monetary instruments greater than 15 million Iraqi dinar from a place within Iraq to a place outside Iraq, or from a place outside Iraq to a place within Iraq.

2. A report under this article shall be filed at the time and place the MLRO prescribes. The report shall contain the following information to the extent the MLRO prescribes:
 a. the legal capacity in which the person filing the report is acting;
 b. the origin, destination, and route of the currency and/or monetary instruments;
 c. the amount and kind of monetary instruments and/or currency transported;
 d. other additional information as required.

Article 22: Obligation to Make and Retain Records

1. A financial institution shall keep the records required to be made in this Act, and shall

make and retain a record of each verification exercise or inquiry to the Money Laundering Reporting Office, for five years after the closing of an account or termination of a customer relationship; information collected only for the purpose of a transaction or series of transactions shall be kept for at least five years after the last such transaction.

2. Records shall be made of all transactions above 500,000 Iraqi dinars and retained for five years after the transactions involved.

3. A wire transfer (funds transfer) shall include the name and address of the originator and beneficiary. Originator and beneficiary name and address information shall remain with the wire from origination of the wire transfer until disbursement of the proceeds to the beneficiary. Records of wire transfers shall be made and retained for five years by all financial institutions involved in the wire transfer.

4. Persons that provide a service for the transmission of money or value including through an informal money or value transfer system or network including a hawala shall retain records of all transactions above 500,000 Iraqi dinars including, but not necessarily limited to, originator and any originator's agent, ultimate beneficiary, all intermediaries, and dates, amounts, and forms of all transactions.

5. Records required to be made and retained under this Law shall be maintained in such a manner that knowledgeable third parties are able to assess transactions and business relationships and the institution’s compliance with the provisions of this Act, and that subpoenas for such records by governmental authorities may be fulfilled within a reasonable period of time, not to exceed ten business days.

Article 23 Exclusion of Liability and “Whistleblower” Protection

1. A financial institution, or director, officer, employee, or agent of a financial institution, that reports a possible violation of law or regulation or a suspicious transaction, or information potentially relevant to such a violation, to the MLRO, or otherwise under the authority of this Act, shall not be liable under any law or regulation of Iraq, any constitution, law, or regulation of any political subdivision of Iraq, or under any contract or other legally enforceable agreement, including any arbitration agreement, for the disclosure or for any failure to provide notice of the disclosure to the person who is the subject of the disclosure or any other person identified in the disclosure.

2. No financial institution, supervisory authority, or government body may discriminate against any employee with respect to compensation, terms, conditions, or privileges of employment because the employee or any person acting pursuant to the request of the employee provided information to any supervisory authority, or government body regarding a possible violation of any provision of this Act, or any regulation promulgated thereunder, by the financial institution, supervisory authority, or government body. An aggrieved past or present employee may bring suit within 2 years of the alleged discrimination. A court may order any person who committed a

violation to reinstate the employee to their former position, pay compensatory damages, or take other appropriate actions to remedy past discrimination. The protections of this paragraph shall not apply to any employee who deliberately causes or participates in the alleged violation of law or regulation, or knowingly or recklessly provides substantially false information to a supervisory authority, or government body.

Section 6: Final Provisions

Article 24: Execution

The CBI shall issue regulations as necessary for the implementation of this Law. The Law shall take effect on the date indicated in Article 26, but with a deferred implementation date of September 30, 2004, or such later date as may be specified in the regulations issued by the CBI.

Article 25: Relationship to other laws of Iraq

In case of inconsistency with a provision of any other law of Iraq, this Law shall prevail.

Article 26: Entry into Force

Subject to the provisions of Article 24, this Law shall enter into force on the same date that the Order authorizing this Law enters into force.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 94

BANKING LAW OF 2004

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to improve the conditions of life, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security through stable financial markets,

Recognizing the problems arising from Iraq's legal framework regulating banking activities and the way in which it was implemented by the former regime,

Further recognizing the CPA's obligation to provide for the effective administration of Iraq, to ensure the well being of Iraqi people and to enable the social functions and normal transactions of every day life,

Further recognizing the need to revise the Bank Law promulgated by CPA Order No. 40 of 19 September 2003 (CPA/ORD? 19 September 2003/40) to comprehensively address issues identified since its promulgation,

Recalling that U.N. Security Council Resolution 1483 (2003) called upon the CPA to promote economic reconstruction and the conditions for sustainable development,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and its transition from a non-transparent centrally planned economy to a market economy characterized by sustainable economic growth through the establishment of a dynamic private sector, and the need to enact institutional and legal reforms to give it effect,

Having coordinated with the international financial institutions, as referenced in paragraph 8(e) of the U.N. Security Council Resolution 1483,

I hereby promulgate the following:

Section 1
Purpose

This Order builds upon the reforms to the banking system provided by CPA Order No. 40 and Annex A thereto, and comprehensively establishes a safe, sound, competitive and accessible banking system for the purposes of providing a foundation for economic growth and the development of a stable Iraqi economy.

Section 2
Banking Law

The Banking Law of 2004 attached to this Order as Annex A shall have the full force and effect of law.

Section 3
Inconsistent Legislation

1) CPA Order No. 40 and Annex A thereto, Bank Law (CPA/ORD/19 September 2003/40) are rescinded.

2) Any provision of Iraqi law that is inconsistent with this Order or the Banking Law of 2004 attached hereto as Annex A is hereby suspended to the extent of such inconsistency.

Section 4
Entry into Force

This Order shall enter into force on the date of signature.

L. Paul Bremer 6/7/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

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BANKING LAW OF 2004

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Section 1 – General Provisions

Article 1 Definitions

For the purposes of this Law, the following terms shall have the meanings indicated below:

"*administrator*" means, with respect to a domestic bank, any person who is a member of the board of directors, authorized manager or member of the audit committee of the bank, and, with respect to a foreign bank, a designated branch manager;

"*affiliate*" means a company that controls a bank, any other company that is controlled by the company that controls the bank, and any other company as determined pursuant to criteria specified in regulation by the CBI;

"*authorized manager*" means a person responsible for the management of the day-to-day operations of the bank;

"*bank*" means a person engaged in the banking business including a state company organized under Law No. 22 of 1997 on State Companies as amended;

"*bank holding company*" means a company that owns or controls a bank;

"*banking activities*" means the activities that are listed in Article 27;

"*banking business*" means the business of receiving deposits of money or other repayable funds from the public for the purpose of making credits or investments for its own account;

"*branch*" means a place of business forming a legally dependent part of a bank where all or some banking activities are conducted; for the purposes of this Law all domestic branch offices of a foreign bank shall be treated as a single branch office and all communications from the CBI to any such branch office may be validly made to the branch office designated by the foreign bank to the CBI for this purpose, or failing such notification, to a branch office selected by the CBI;

"*bridge bank*" means a bank referred to in Article 67A;

"*CBI*" means the Central Bank of Iraq;

"*control*" is deemed to exist over another company if a person:

(i) directly or indirectly, or acting through one or more persons owns, controls or has the power to vote 25 percent or more of the voting shares of the company;

(ii) has the power to elect a majority of the directors of the company; or

(iii) exercises a controlling influence as the CBI may determine.

"*credit*" means any disbursement or commitment to make a disbursement of a sum of money in exchange for the right to repayment of the amount disbursed and outstanding and to payment of interest or other charges on such amount, whether secured or unsecured, any extension of the due date of a debt, any guarantee issued, and any purchase of a debt security or other right to payment of a sum of money that may provide for the payment of interest either directly or by a discounted purchase price;

"*debt security*" means any negotiable instrument of indebtedness and any other instrument equivalent to such instrument of indebtedness, and any negotiable instrument giving the right to acquire another negotiable debt security by subscription or exchange; negotiable debt securities may be in certificated or in book-entry form;

"*deposit*" means a certain sum of money paid to a person, whether or not evidenced by any entry in a record of the person receiving the sum, on terms under which the deposit will be repaid or transferred to another account, with or without interest or a premium, either on demand or at a time or in circumstances agreed to by or on behalf of the depositor and that person;

"*designated branch manager*" means a person notified to the CBI pursuant to paragraph (1), sub-paragraph (d) of Article 6 as being responsible for the operations in Iraq of a foreign bank;

"*dinar*" means the Iraqi dinar;

"*domestic*", when applied to a juridical person, means a juridical person whose head office is located in Iraq, and when applied to an office, means an office located in Iraq;

"*dormant account*" has the meaning given in Article 37;

"*fit and proper person*" means a person who is regarded as honest and trustworthy and whose professional qualifications, background and experience, financial position, or business interests do not disqualify that person in the judgment of the CBI to be an owner, administrator, senior bank official, conservator, or receiver of a bank, provided, however, that no person shall be regarded as a fit and proper person if the person:

(i) has been convicted by a criminal court of an offense for which the person was or could have been sentenced to imprisonment for a term of one year or more without the option of a fine unless such sentence was or would have been motivated by his or her religious or political views or activities;

(ii) has been declared bankrupt by a court of law within the past seven years;

(iii) has been disqualified or suspended by a competent authority from practicing a profession on grounds of personal misconduct unrelated to his or her religious or political views or activities; or

(iv) has been declared unfit to manage a company by a court of law or under an order issued by a competent agency;

"*list*" means the list of the names of banks in the register of banks published by the CBI;

"*foreign*", when applied to a juridical person or office, means a juridical person or office that is not a domestic juridical person or office;

"*person*" means a natural person or a juridical person, or both;

"*qualifying holding*" means a direct or indirect holding by a person acting alone or through or in concert with one or more other persons in an undertaking which represents ten percent or more of the capital or the voting rights or which makes it possible to exercise significant influence over the management of the undertaking in which the holding exists, as the CBI may determine;

"*related person*", in relation to a bank, means:

(i) any administrator of the bank;

(ii) any person who is related to an administrator by marriage, blood or kinship up to the second degree, including adopted children or foster children of the administrator, and any other person residing in the administrator's household;

(iii) any person who has a qualifying holding in the bank, and any undertaking in which any such person or any administrator of the bank has a qualifying holding, and any administrator of such person or undertaking; and

(iv) any undertaking, not subject to consolidation in the preparation of financial statements of the bank, in which the bank holds a qualifying holding, and any administrator of such undertaking;

"*representative office*" means a place of business forming a legally dependent part of a bank where activities are limited to the provision of information and liaison functions, and where no banking business is conducted and no deposits or other repayable funds may be received from the public;

"senior bank official" means a person (other than an administrator) who holds the title or, without regard to title, performs the functions of one or more of the following positions at a domestic bank or, in the case of a foreign bank, a branch in Iraq: chairman, director general, general manager, president, chief executive officer, chief operating officer, chief financial officer, chief lending officer, or chief investment officer. "Senior bank official" also includes

any other person who is required by the CBI to comply with the requirements of paragraph (4) of Article 18 of this Law.

"*subsidiary*" means any juridical person in which another person or group of persons acting in concert holds the equivalent of fifty percent or more of the voting shares of such juridical person; or a qualifying holding that permits such other person or group of persons to exercise effective control over the management or policies of the juridical person in which the holding exists;

"*Tribunal*" or "*Financial Services Tribunal*" means the Financial Services Tribunal established in the Central Bank of Iraq Law.

Article 2 Regulatory objectives

1. The primary regulatory objective of this Law is to maintain confidence in the banking system. Other regulatory objectives include those of promoting public understanding of the banking system by providing appropriate information, maintaining an appropriate degree of protection for depositors, and helping to reduce financial crime, including fraud, money-laundering and terrorist financing.

2. The CBI shall discharge its functions in a way which is compatible with the regulatory objectives and which the CBI considers most appropriate for the purpose of meeting those objectives. Actions by an entity of the government other than the CBI that affects a matter subject to the jurisdiction of the CBI shall be without legal force.

Article 3 Prohibitions

1. No person in Iraq shall engage in the banking business without a banking license or permit issued by the CBI, other than a person exempted by the CBI pursuant to paragraph (3) or paragraph (6). Except as otherwise provided by law, no person in Iraq shall engage in the business of receiving deposits or other repayable funds from the public without a banking license or permit issued by the CBI.

2. The following persons do not fall under the scope of this Law:

a. persons who fund the credits they make exclusively from non-repayable capital subscriptions, proceeds of credits received from financial institutions or debt securities issued in the capital markets; or

b. persons who, in exchange for the issuance of corporate debentures or corporate bonds, receive repayable funds from the public and use such funds solely for the purpose of making investments for their own account.

3. Persons who, by virtue of the cooperative nature and size of their operations, do not carry on banking business on a scale which requires a commercially organized business undertaking may be exempted by the CBI from the requirements of this Law, provided that

exemptions so granted by the CBI may be conditional or limited in time, or may be partial and list certain provisions of this Law that shall apply to such person.

4. No one shall use the word “bank” or derivatives of the word “bank” in any language in respect of a business, product, or service without a banking license or permit issued by the CBI, unless such usage is established or recognized by law or international agreement, or unless it shall be clear from the context in which the word “bank” is used that it does not concern banking activities. Representative offices shall not use the word “bank” in their name, except in cases where the word “bank” forms an integral part of the name of the foreign bank to which they belong, provided that, in such cases, the words “representative office” shall be added.

5. The CBI shall be empowered to enter the offices and to examine the accounts, books, documents and other records of any person if the CBI determines that there are reasonable grounds to suspect that such person engages in activities that are incompatible with the preceding provisions of this article; immediately upon the request of the CBI, law enforcement officials shall, if necessary by the use of force, assist the CBI to gain access to the premises of such person and to examine the accounts, books and other records of such person.

6. Activities performed pursuant to micro and small business credit access or similar grant programs by entities other than banks shall be permitted as authorized by entities exercising governmental authority. Such activities shall be exempt from the application of this law. Such entities exercising governmental authority shall provide notice and periodic reports to the CBI concerning their exempted credit access and grant programs.

Section 2 – Licensing

Article 4 Licenses and permits

1. Establishing a bank in Iraq, including as a majority or wholly-owned subsidiary of a foreign bank or bank holding company, shall require the prior issuance of a banking license by the CBI. Establishing a branch or representative office of a foreign bank in Iraq shall require the prior issuance of a permit by the CBI. The subsidiary of foreign owned banks shall be required to have 50 billion dinars of capital. There is no restriction on where that capital is invested.

2. A license or permit granted under this Law shall be granted in writing for an indefinite period of time and shall not be transferable. The license or permit, or its attachments, shall specify the terms and conditions under which it has been issued. Compliance with all conditions relating to the issuance of a license or permit shall be a continuing requirement applicable to all licenses or permit holders, unless later modified by the CBI.

3. Licenses may be issued only to companies established in the form of juridical persons pursuant to the laws of Iraq and appropriately registered. Such companies may be wholly or majority-owned subsidiaries of a foreign bank or bank holding company. In the case of a

subsidiary, a license may be issued only if the parent bank is subject to comprehensive consolidated supervision by a supervising authority in the country in which the parent bank's head office is located.

4. Permits for branches may be issued only to foreign banks that are subject to comprehensive consolidated supervision by a supervisory authority in the country in which the foreign bank's head office is located.

5. Except as otherwise provided in this Law, subsidiaries and branches of banks in part or totally owned by foreign persons are to be treated under the laws of Iraq no less favorably than domestic banks.

6. A foreign person may hold shares in an existing or new domestic bank subject to any specific requirements of this Law and its implementing regulations.

7. A foreign person may not acquire a qualifying holding or control in a domestic bank unless that person is a foreign bank subject to comprehensive consolidated supervision by a supervisory authority in the country in which the foreign bank's head office is located or a multilateral development bank.

Article 5 License application

1. Licenses shall be applied for in writing to the CBI. Applications shall be in such form and detail, and shall be accompanied by such documents, as shall be prescribed by regulation of the CBI.

2. For a company established in the form of a juridical person pursuant to the laws of Iraq the application shall include the following documents and information:

a. an authenticated copy of the instrument under which the applicant is formed, together with the memorandum of association or bylaws, if any, and the address of its head office;

b. the amounts of the authorized and subscribed capital of the applicant, including the amounts that have been paid in;

c. the name, nationality, permanent place of residence, and business or profession of every administrator, together with a statement detailing the qualifications and professional experience and at least three references for each administrator;

d. the name, nationality, permanent place of residence, and business or profession of every owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, together with at least two references verifying good financial standing, and, in case the owner of a qualifying holding is a body corporate, copies of the latest three audited annual financial statements, including balance sheets and profit and loss accounts, if applicable;

e. a list of shareholders and ultimate beneficial owners of shares stating the name, address and respective shareholding, and, for registered shares, a copy of the shareholder register.

f. for each administrator and owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, an affidavit duly signed by the individual disclosing any convictions for offenses by a criminal court, personal bankruptcy filings, disqualifications from practicing a profession, or past or present involvement in a managerial function in a body corporate or other undertaking subject to insolvency proceedings, if any (the standard text for such affidavit to be determined by the CBI);

g. a business plan setting out the business objectives and types of activities envisaged for the proposed bank, including a description of its organizational structure and internal control systems (including adequate measures to counter money-laundering and terrorist financing as defined in the Anti-Money Laundering Law of 2004 (AML)) together with projected balance sheets, profit and loss accounts and cash flow statements for the next three full financial years;

h. a statement by an auditor indicating the auditor's undertaking to take on the external auditing function pursuant to Article 46;

i. for the applicant and for each owner of a qualifying holding, including the ultimate beneficial owner, as defined in the AML, of such qualifying holding, a list of undertakings in which participations exist, specifying the size of such participations and the registered addresses of those undertakings;

j. the location of the principal place of business and any other place in or outside Iraq where it proposes to conduct banking business;

k. proof of payment of the application fee;

l. such other information as the CBI may require for the purpose of the application; and

m. in any case where the applicant is a subsidiary of a foreign bank or bank holding company, a statement that the foreign supervisory authority responsible for the prudential supervision of the applicant in the country of formation of the foreign bank or bank holding company has no objection to the proposed establishment of operations in Iraq, and exercises comprehensive consolidated supervision over the applicant

n. in any case where the applicant is a subsidiary of a foreign bank or bank holding company, a statement that the foreign supervisory authority responsible for the prudential supervision of the applicant in the country of formation of the foreign bank

or bank holding company has no objection to the proposed establishment of operations in Iraq, and exercises global consolidated banking supervision over the applicant.

3. For companies that are not yet established pursuant to the laws of Iraq, the procedure for a banking license consists of two stages, namely, a first stage beginning with the submission of a preliminary application for a banking license by the founders of the company, and a second stage beginning with the submission of a final application for a banking license by the company after it has been established and appropriately registered in the commercial register. The preliminary application shall be accompanied by the supporting information and documents set out in paragraph (2), provided that, with the approval of the CBI, certain documents may be submitted in draft form. When, after having received a preliminary application for a banking license and having met with the founders and the proposed administrators of the bank, the CBI determines that the preliminary application and supporting documents are satisfactory, the CBI shall notify the applicants that their preliminary application is complete and request that the second stage be initiated by the submission of a final application for a banking license.

Article 6 Permit application for a branch

1. The CBI may permit the opening in Iraq of a branch of a foreign bank authorized to conduct banking business in the country of its formation. Branches of foreign banks shall be permitted to engage in any of the activities that are authorized for domestic banks, subject to the terms and conditions of their banking permits. Permits shall be applied for in writing to the CBI. Applications shall be in such form and detail, and shall be accompanied by such documents, as shall be prescribed by regulation of the CBI, and shall include:

a. the information and documents as set out in Article 5, paragraph (2), sub-paragraphs (a) through (g), (j) and (l), for the foreign bank as applicant, except that paragraph (2), sub-paragraphs (c) and (f) shall only apply to the senior administrator of the head office of the foreign bank;

b. the information and documents as set out in paragraph (2), sub-paragraphs (h), (i) and (k) of Article 5 concerning the proposed branch operation;

c. a certificate of designation specifying the name, nationality, permanent place of residence and business or profession of its designated branch manager, being the senior bank officer in Iraq responsible for carrying out the functions of the bank, together with a statement detailing such person’s qualifications and professional experience and including at least three references.

d. for each administrator of the branch, an affidavit pursuant to paragraph (2), sub-paragraph (f) of Article 5;

e. a statement that the foreign supervisory authority responsible for the prudential supervision of the foreign bank in the country of its formation has no objection to the

proposed establishment of a branch in Iraq, and exercises comprehensive consolidated supervision over the applicant; and

f. such other information as the CBI may require for the purpose of the application, including an undertaking by the applicant issued by the head office through its principal officer, supported by an appropriate resolution of its board of directors, that it will, on demand of the CBI, make available, in the currency and at such place as may be specified by the CBI, funds necessary to cover all obligations and liabilities incurred in the conduct of banking business authorized under the permit.

2. Following prior notification to and approval by the CBI, the main branch may open additional branch offices in Iraq, provided that one branch is designated a main branch of the foreign bank in Iraq where any process may be served.

Article 7 Permit application for a representative office

1. The CBI may permit the opening in Iraq of one or more representative offices of a foreign bank, provided such foreign bank is authorized to conduct banking business in the country of its formation. Representative offices shall limit their activities to the provision of information and liaison functions, and shall not engage in banking business or other similar activities or receive deposits or other repayable funds from the public in Iraq.

2. Permits for representative offices shall be applied for in writing to the CBI. Applications shall be in such form and detail, and shall be accompanied by such documents necessary for purposes of the permit application, as shall be prescribed by regulation of the CBI.

Article 8 Granting of license or permit

1. Within two months from the date of the submission of an application or preliminary application for a banking license or permit, the CBI shall notify the applicant whether the application is deemed complete. Within six months from the date of a notification by the CBI that the application is deemed complete, the CBI shall approve or reject the application and shall send the applicant a copy of its decision.

2. For final applications submitted pursuant to paragraph (3) of Article 5 the CBI shall render its decision within two months after the submission of such final application.

3. In exceptional circumstances, the CBI may extend the deadlines set out in paragraphs (1) and (2), provided it notifies the applicant of the reasons for the delay prior to reaching the deadline.

4. Before it approves an application for a banking license or permit, the CBI shall carry out financial, criminal, personal and professional background checks of owners of qualifying holdings in the proposed bank and administrators of the proposed bank for which the application is pending. To that end, banks and other financial institutions subject to the CBI's oversight and the national and local tax collection and law enforcement authorities shall

provide such information to the CBI as the CBI shall request. The CBI may contact any state or local agency or ministry including any government state ministry, or enforcement agency to request information that may be useful or relevant for any bank license, permit or application. The CBI shall establish direct contact with the relevant foreign supervisory authority in order to verify statements provided pursuant to paragraph (2), sub-paragraph (m) of Article 5 or paragraph (1), sub-paragraph (e) of Article 6

5. Applications for a banking license or permit shall be rejected if the CBI is not satisfied that the conditions specified by or pursuant to this Law for issuing such license or permit are fulfilled. The CBI shall publish by regulation standards that it will apply in evaluating applications for a banking license or permit.

6. The CBI shall grant a license or permit on being satisfied regarding:

a. the validity of the documents submitted pursuant to Article 5 or Article 6, as applicable;

b. the financial status and history of the applicant;

c. the character and professional experience of the administrators as fit and proper persons;

d. the identity and character of the owners as fit and proper persons, in particular persons with qualifying holdings;

e. the adequacy of the staffing, operational and financial resources and capital structure of the proposed bank to cover all obligations and liabilities incurred in the conduct of the proposed banking activities to be authorized under the license or permit;

f. the soundness of the proposed operations;

g. the viability of the business plan;

h. the applicant’s intention to maintain a physical presence at a fixed address in Iraq; and

i. in any case where the applicant is a subsidiary or a foreign bank or bank holding company or concerning the permit for a branch of a foreign bank, that comprehensive consolidated supervision is exercised by the relevant foreign supervisory authority.

7. A decision by the CBI to grant a license or permit shall be notified to the applicant and published in the *Official Gazette* or if the *Official Gazette* is not available for such use on a frequent basis, then published in a widely circulated general publication(s) (here after the “ Official Publication.”) Upon issuance of the license or permit, the bank shall be added to the list in the register of banks.

8. If a license or permit is denied, the CBI shall serve notice of the denial decision accompanied by a description of the reasons for the denial. If an application remains incomplete or fails to meet the requirements within three months following receipt of a notification by the CBI pursuant to paragraph (1) above, the applicant shall be regarded as having abandoned the application. In all cases, the applicant shall not be entitled to a refund of the application fees paid.

9. Banks must notify the CBI of any changes in circumstances that affect the statements they made in the license or permit application. A domestic bank shall obtain the CBI's prior approval for any proposed amendment to its instrument of formation or bylaws. Such amendment or change shall not enter into force until after the CBI has granted approval and such amendment or change has been recorded in the register of banks. A foreign bank holding a permit shall notify the CBI of any material changes to the bank's instrument of formation without undue delay.

Article 9 Additional offices

No bank shall open a branch or representative office or establish a subsidiary in Iraq without first notifying and obtaining the prior approval of the CBI. No domestic bank shall open a branch or representative office or establish a subsidiary outside Iraq without first obtaining the CBI's prior approval. Banks shall notify the CBI of any change in location or closure of any branch, representative office or subsidiary.

Article 10 Register of banks

1. The CBI shall prepare and maintain a central register of banks for inspection by the public. The register shall record for each licensed bank and for each branch and representative office of a foreign bank holding a permit: the name, address and registration number, the date on which the license or permit was issued or revoked by the CBI, the instrument of formation and other statutory documents of the bank concerned, information concerning the administrators of the bank, including the scope of their authority to commit the bank, and the addresses of any domestic branch or representative offices and offices abroad, if any. Additionally, for branch offices and representative offices of foreign banks, the name and address of the head office of the foreign bank to which they belong shall be recorded. The entire list of license and permit holders, showing only the names, head office addresses, and type of license or permit held, shall be published by the CBI in the Official Publication during the month of January of each year. Any changes to the list that occur during the course of the year shall also be published in the Official Publication at regular intervals.

2. Banks must indicate their assigned registration number and include the head office address on all documents, authorizations, and papers used in their transactions.

Article 11 Fees

1. In order to cover part of its expenses associated with bank licensing and supervision, the CBI shall charge and collect an application fee on account of each application for a banking license or permit as well as a maintenance fee for each year that a banking license or permit is in effect.

2. The fee structure shall be specified by the CBI in regulation and shall reflect the size, volume and nature of business accounted for by banks. The CBI may take into account special supervision costs, if any, attributable to particular banking activities.

Article 12 Voluntary termination of operations

1. No bank may terminate its operations without first obtaining the CBI's prior approval to do so. A bank may be liquidated at the decision of its owners after the voluntary termination of its operations has been approved by the CBI and a written request for the revocation of the license or permit has been submitted to the CBI.

2. The revocation shall not be granted unless the CBI determines that the bank has fulfilled, or settled in a manner acceptable to the CBI, all of the bank's obligations to its depositors and other creditors, customers, and employees.

3. Upon determination by the CBI that the bank has met the requirements under paragraph (2), the CBI shall revoke the license or permit.

Article 13 Revocation of banking license or permit

1. A license or permit may be revoked only by decision of the CBI on one or more of the following grounds:

a. the license or permit has been obtained on the ground of fraudulent statements or other material irregularities that occurred in connection with the application;

b. the bank has not made use of the license or permit within twelve months after the date of its effectiveness, or the bank has ceased for more than six months to engage in the business of receiving money deposits or other repayable funds from the public or making credits or investments for its own account;

c. the bank conducts its administration or operations in an unsafe or unsound manner;

d. the bank violates an order of the CBI;

e. the bank, in a manner which materially affects the financial soundness of the bank, violates a law, a regulation of the CBI, or any condition or restriction attached to a license or permit issued by the CBI;

f. the bank, or the foreign bank or bank holding company of which the bank is a subsidiary, or a subsidiary of the bank, has engaged in criminal activities constituting fraud, money-laundering or terrorist financing;

g. the foreign bank or bank holding company of which the bank is a subsidiary has lost its operating license;

h. the CBI is hindered in supervising the bank because the bank has moved all or part of its administration, operations, books or records outside Iraq without the prior written approval of the CBI;

i. the CBI is hindered in supervising the bank because the bank is a member of a group of companies, or because the bank is a subsidiary of a foreign bank or a bank holding company that is not adequately supervised; or

j. the foreign supervisory authority responsible for the supervision of the bank or the foreign bank or bank holding company of which the bank is a subsidiary has appointed a conservator or receiver for the bank, foreign bank or bank holding company.

2. The CBI shall revoke a license or permit:

a. at the time that bankruptcy proceedings are opened against the bank by decision of the Financial Services Tribunal pursuant to Article 78; or

b. pursuant to paragraph (3) of Article 12.

3. Decisions to revoke a license or permit pursuant to this article shall be in writing and include the grounds on which they are taken. Each such decision shall be promptly served on the bank concerned, registered in the register of banks and published in the Official Publication by the CBI. A decision taken pursuant to this article shall take effect at the time that it is served on the bank concerned, unless the decision specified another date for its entry into force not later than 30 days after the decision is served. The requirement of service of such decision on a foreign bank may be met by serving the decision on its designated branch office or representative office addressed by the decision.

4. Decisions by the CBI to revoke a license or permit pursuant to paragraph (1) shall include the appointment of a conservator in accordance with Article 69 to liquidate the bank.

Section 3 – Capital

Article 14 Minimum capital of domestic banks

1. The capital of a domestic bank shall be specified in *dinars*. A bank shall at all times maintain minimum paid-up capital that is not less than 10 billion *dinars* or such higher

amount as may be established by the CBI. Existing banks must reach this capital within 18 months of the effective date of this order.

2. No bank may declare, record in an account or pay to shareholders any portion of profits, or make any transfer of profits, if such transfer or payment results in a reduction of its capital or reserves below the minimum levels required under this Law or as required by regulation or order of the CBI.

3. No bank may distribute profits to shareholders before extinguishing all expenses related to the establishment and initial organization of the bank.

4. There is no limit to the amount of capital that can be placed in the bank in any given calendar period.

Article 15 [Reserved]

Article 16 Other capital requirements

1. Each bank shall at all times maintain capital, including its unimpaired capital and reserves, in Iraq of not less than the equivalent of 12 percent of the total value of its assets determined on a risk-adjusted basis, or such higher percentage as specified by regulation of the CBI, whereby not less than one-half of such capital shall consist of core capital. For the purposes of the application of this provision, the CBI shall define the meaning of capital, core capital, reserves and categories of risk assets in regulations, and the definition and determination of capital, core capital, reserves and assets shall be consistent with international standards.

2. The amount of any holding of capital in another bank or financial institution shall be deducted from the bank's capital for purposes of calculating the ratio pursuant to paragraph (1).

3. The CBI shall specify by regulation principles for establishing and holding a bank's paid-up minimum capital.

Section 4 – Management of a Bank

Article 17 Board of directors of a domestic bank

1. The board of directors of a bank shall be responsible for conducting the business and establishing the policies of the bank. In particular, the board of directors shall establish the risk-management standards, investment policies, minimum prudential ratios, accounting standards and internal control systems of the bank.

2. The board of directors shall have not less than five members. The members of the board of directors shall be appointed at the general meeting of shareholders for a period of not more than four years; they may be reappointed for subsequent periods of equal length. At the

general meeting of shareholders, the bank's shareholders may establish the remuneration for members of the board of directors. The board of directors shall select a chairman from among its members.

3. The chairman and all members of the board of directors must:

a. possess legal capacity and be fit and proper persons; and

b. be at least 30 years old.

4. The majority of the members of the board of directors must have significant banking experience and shall not work full time for the bank.

5. A member of the board of directors may not be:

a. an administrator or employee of another bank, unless the bank is a subsidiary of such other bank or both banks are under common control, provided that, in that case, such members may not constitute a majority of the members of the bank's board of directors; or

b. a government official who heads a ministry or holds a cabinet position.

6. The members of the board of directors shall act honestly and in good faith with a view to the best interests of the bank. In carrying out their functions, they shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7. The decisions of the board of directors shall be adopted by majority vote of the members present. If the vote is evenly divided, the chairman's vote shall be the deciding vote.

Article 18 Management

1. Subject to the provisions of paragraph (4) of this article, the board of directors of a domestic bank shall appoint one of its members as the authorized manager of the bank. The authorized manager is responsible for the implementation of the decisions of the board of directors and for the management of the day-to-day operations of the bank.

2. The board of directors of a domestic bank shall appoint a chief internal auditor who shall be a qualified member of a recognized professional association with extensive professional experience in the field of accounting or audit.

3. The board of directors of a domestic bank shall designate the compliance officer of the bank.

4. A person to be appointed to serve as authorized manager of a bank, designated branch manager, or other senior bank official as specified by the CBI, must:

a. possess legal capacity and be a fit and proper person;

b. possess the banking competence and expertise required for the conduct of banking operations;

c. not be an administrator or employee of another bank; and

d. reside in Iraq and engage full time in the management of the bank's operations.

5. The CBI may specify other senior bank positions, including chief internal auditor and compliance officer, to which the provisions of paragraph (4) above are applicable.

Article 19 Changes of administrators

1. Banks shall obtain the prior written approval of the CBI, subject to a determination by the CBI of the person's professional experience and qualifications as a fit and proper person pursuant to Article 17, paragraphs (3) through (5) or Article 18, paragraph (4), as applicable, before appointing or electing an administrator or senior bank official.

2. An administrator or senior bank official of a bank shall cease the administrator's or senior bank official's functions at the bank if the board of directors finds that the individual no longer meets one or more of the legal requirements for the position as specified in Article 17, paragraphs (3) through (5) or Article 18, paragraph (4), as applicable. The board of directors shall inform the shareholders of the bank of such finding.

3. Banks shall notify the CBI of the dismissal or the acceptance of the resignation of an administrator, as well as the reasons for said dismissal or resignation, within a period of three days of such event.

Article 20 Removal of administrators

1. An administrator who is removed by the CBI from office pursuant to paragraph (2), sub-paragraphs (h) through (j) of Article 56 may not be a member of the board of directors, the authorized manager or designated branch manager, or work in a senior bank position in any other bank.

2. A person who has been an administrator of a bank whose license has been revoked or whose involuntary liquidation has been decided during the administrator's term of office may not be an administrator or work in a senior bank position in another bank.

3. In exceptional circumstances, having been satisfied as to the qualifications, professional experience and conduct of a person, the CBI may exempt an administrator from the provisions of paragraph (2) after the expiration of an appropriate period following the relevant event, and from the provisions of paragraph (1) after the expiration of ten years following the relevant event.

Article 21 Disclosure of personal interest

1. Each administrator or senior bank official shall disclose in full to the board of directors any significant personal financial interests, directly or indirectly, that the administrator or senior bank official may have. Each also must disclose the same information for other individuals in the administrator's or senior bank official's household. Subject to paragraph (2) of this article, such written disclosures shall be made by the administrator or senior bank official upon appointment or election, and annually thereafter, in accordance with guidelines adopted by the bank and pursuant to any regulations issued by the CBI.

2. Whenever any matter related to such significant personal financial interest comes up for discussion by the board of directors or in any other committee or working group of the bank with decision-making authority, the administrator or senior bank official concerned shall disclose the interest at the beginning of the discussion and shall not thereafter participate in the discussion, shall withdraw himself from the meeting while discussions on the matter are ongoing, and shall take no part in the decision on such matter; and the administrator's or senior bank official's presence shall not be counted for the purpose of constituting a quorum

Article 22 Changes in ownership and acquisition of qualifying holding

1. Any person, acting directly or indirectly or through or in concert with other persons, who proposes to acquire a qualifying holding in a bank, shall obtain prior approval of the CBI and shall give at least 90 days prior notice to the CBI.

2. The notice of proposed acquisition of a qualifying holding shall include:

a. the name, nationality, permanent place of residence, and business or profession of every proposed owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, together with at least two references verifying good financial standing;

b. for each proposed owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, an affidavit pursuant to paragraph (2), sub-paragraph (f) of Article 5;

c. in case a proposed owner of a qualifying holding or its ultimate beneficial owner is a body corporate, copies of the latest three audited annual balance sheets and profit and loss accounts, if applicable;

d. a list of undertakings in which the proposed owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, holds participations, specifying the size of such participations and the registered addresses of those undertakings;

e. the terms and conditions of the proposed acquisition and the manner in which the acquisition is to be made;

f. the identity, source and amount of the funds to be used in making the acquisition;

g. any plans or proposals regarding a major change in the bank's business, corporate structure or management; and

h. such other information as the CBI may require.

3. The CBI shall assess the expected effects on the financial soundness of the bank and satisfy itself as to the identity and character of the proposed owners, in particular owners of a qualifying holding. The CBI shall not approve a proposed acquisition referred to in paragraph (1) if it would substantially lessen competition, jeopardize the financial soundness of the bank or endanger the interests of the bank's depositors.

4. Any person, acting directly or indirectly or through or in concert with other persons, who proposes to increase an existing qualifying holding in a bank in a manner that would reach or exceed a threshold of 20 percent, 33 percent or 50 percent of the bank's capital or the voting rights, respectively, shall give at least 30 days prior notice to the CBI.

5. Any bank becoming aware of a proposed acquisition of a qualifying holding in the bank or of a proposed increase in an existing qualifying holding in the bank pursuant to paragraph (4) shall give at least 30 days prior notice to the CBI, or once it becomes aware of such proposal, whichever is earlier.

6. Any bank becoming aware of circumstances that indicate that any of its owners and, in particular, owners of a qualifying holding, are no longer fit and proper persons, shall notify the CBI.

Article 23 Merger

1. No bank shall merge or consolidate with any other bank or acquire, either directly or indirectly, substantially all of the assets of, or assume liability to pay any deposits made in, any other bank except with the prior approval of the CBI.

2. Any bank which intends to engage in any merger, consolidation, acquisition or assumption of liability under paragraph (1) shall give at least 90 days prior notice to the CBI, and provide the CBI with such information as the CBI may require.

3. The CBI shall assess the financial and managerial resources and future prospects of the existing and proposed bank, and shall not approve the proposal unless the bank to result from the transaction would satisfy all criteria were it seeking to be licensed as a new bank. The CBI shall not approve a proposed transaction referred to in paragraph (2) which would substantially lessen competition unless any anti-competitive effects are clearly outweighed by the transactions' expected positive effects.

Article 24 Audit Committee

1. Each bank shall establish an audit committee. The audit committee shall be a committee of the board of directors and shall have the following duties and powers:

a. to review and recommend the approval of the accounting procedures, annual audit plan and accounting and risk management controls for the bank;

b. to recommend and approve an auditor for appointment pursuant to Article 46 as the bank's external auditor;

c. to review the external auditor's report on the bank's financial statements and to report any findings to the board of directors before the approval of the financial statements by the board of directors;

d. to request reports from the bank's chief internal auditor;

e. to monitor compliance with the laws and regulations applicable to the bank and report to the board of directors thereon;

f. to review reports to be submitted by the bank to the CBI;

g. to report on any matters submitted to it by the board of directors;

h. to review operations and transactions of the bank on the basis of plans adopted by the audit committee, at the request of the board of directors, at the request of shareholders together holding more than 10 percent of total voting rights, or as specified by the instrument of formation of the bank; and

i. to report at least annually to the bank's shareholders at the general meeting of shareholders on its activities.

2. The audit committee of a domestic bank shall have not less than three members. The members are appointed by the shareholders at the general meeting of shareholders of the bank from among the members of the board of directors for periods of not more than four years; they may be reappointed for subsequent terms of equal length. The chairman of the board of directors, the authorized manager, and any other officer or employee of the bank shall not be members of the audit committee. The shareholders at the general meeting of shareholders shall designate a member of the audit committee to be chairman of the audit committee.

3. The decisions of the audit committee shall be adopted by majority vote of the members present. If the vote is evenly divided, the chairman's vote shall be the deciding vote.

Article 25 Application of certain provisions

1. In the absence of specific provisions to the contrary set out in this Law, the provisions of the Company Law No. 21 of 1997, as amended, shall be observed regarding matters pertaining to the board of directors, authorized manager and general meeting of shareholders of a bank.

2. For banks that are solely owned by the State, the Minister of Finance shall, on behalf of the State, exercise any powers granted to shareholders at the general meeting of shareholders under this Law. In the absence of specific provisions to the contrary set out in this Law, for banks that are solely owned by the State the provisions of Law No. 22 on State Companies shall be observed regarding matters pertaining to the internal organization and management of a bank.

Section 5 – Rules for the Conduct of Banking Activity

Article 26 General banking principles

1. Banks shall conduct their administration and operations in a sound and prudent manner and in accordance with the requirements of the law, any conditions and restrictions attached to their banking licenses or permits issued by the CBI, and the regulations, guidelines and orders issued by the CBI.

2. Banks shall: maintain adequate capital and liquidity; make adequate provision for depreciation of assets, for discharge of liabilities, and for losses; maintain adequate accounting and other records of business; observe sufficient and effective risk controls; and ensure that their assets are diversified as to risk of loss.

3. The CBI shall, by regulation, prescribe detailed standards of conduct for banks which the CBI shall apply in its prudential supervision in accordance with international standards and best practices.

4. The CBI shall issue regulations specifying how the operational requirements specified for banks by the provisions of this section, and in regulations issued by the CBI thereunder, apply to banks and their subsidiaries on a worldwide consolidated basis.

5. Banks shall not establish group structures that hinder the exercise of effective supervision. The CBI may issue regulations specifying rules regarding affiliates of a bank, in particular, concerning the requirements for transactions between banks and any affiliates that are not subject to consolidation in the preparation of financial statements.

6. The CBI shall issue regulations specifying how the operational requirements specified for banks by the provisions of this section, and in regulations issued by the CBI thereunder, shall apply to domestic branch offices of foreign banks.

7. Whenever an administrator of a bank discovers that the capital of the bank is less than the capital required by law or by regulation of the CBI, the administrator must promptly notify the CBI thereof.

8. The CBI may provide guidance, including by means of establishing rules for good business conduct, or specify by regulation rules to ensure the banks' good relations with their depositors and customers.

Article 27 Banking activities

1. A bank may engage in the following activities subject to the terms and conditions of its banking license or permit:

a. receiving money deposits (in the form of demand deposits, time deposits or other types of deposit) or other repayable funds, bearing interest or not;

b. extending credits (whether secured or not by collateral or liens), including without limitation: consumer and mortgage credit; factoring, with or without recourse; financing of commercial transactions, including forfeiting (purchasing negotiable instruments at discount without recourse); and financial leasing services; subject to regulation of the CBI, a bank may charge interest on interest, and the total amount of interest it may receive shall not be limited by the principal amount of a credit;

c. buying and selling for its own account or for the account of customers (including underwriting and brokerage services) of any of the following: money market instruments (including checks, bills of exchange, promissory notes and certificates of deposit); foreign currencies and precious metals; exchange and interest rate instruments; stocks and other transferable securities; and forward contracts, swap agreements, futures, options, and other derivatives relating to currencies, stocks, bonds, precious metals or interest rates;

d. entering into contingent commitments, including guarantees and letters of credit, for its own account and for the account of customers;

e. providing clearing, settlement and transfer services for money, securities, payment orders and payment instruments (including checks, credit, debit and other payment cards, travelers' checks; and bank drafts, wire transfers, and pre-authorized debits and credits);

f. money brokering;

g. safekeeping and administration of valuables, including securities;

h. providing trust services;

i. providing services as portfolio manager of securities or as financial adviser, agent or consultant;

j. providing financial information and credit reference services; and

k. anything that shall be incidental to the foregoing and such other activities, not prohibited by Article 28, as the CBI may by regulation authorize as banking activities.

2. The CBI may, in its discretion, and subject to such conditions as it may stipulate, require banks to conduct certain banking activities through separately capitalized subsidiaries that are wholly or majority-owned by the relevant bank.

Article 28 Prohibited activities

No bank shall engage in or participate as an agent, partner or co-owner in wholesale or retail trade, manufacturing, transportation, agriculture or fisheries, mining, building, re-insurance, insurance underwriting or other business activities except for activities that are authorized by Article 27. Notwithstanding the foregoing, and with the prior written approval of the CBI, a bank may temporarily carry on or participate in the carrying on of such activities to the extent necessary to obtain satisfaction of claims, provided that the CBI may require the bank to cease such activities by a date specified in the license or permit.

Article 29 Prudential requirements

1. Each bank shall develop and maintain internal policies in the form of maximum and minimum ratios, exposure limits, risk-management standards, investment policies and other prudential ratios to be maintained by the bank concerning its assets, off-balance sheet items and various categories of capital and reserves. Such internal policies shall be consistent with regulations on prudential requirements issued by the CBI pursuant to paragraph (3) of this article.

2. In particular, banks shall establish and apply internal policies on prudential ratios governing:

a. their liquid resources in relation to the value or change in value of their assets (including guarantees and collateral received), or in relation to their liabilities, provided that banks shall be permitted to meet the requirements concerning liquid resources by maintaining with the CBI money deposits of an equivalent value;

b. the maximum aggregate amount of all or certain categories of their credits and investments;

c. the classification and evaluation of assets, and provisions to be made on the basis of such classification and evaluation, and the time when earnings on non-performing loans may no longer be accounted for as income except as received in cash; and

d. prohibitions, restrictions or conditions concerning: (i) the types or forms of credits and investments made, and liabilities assumed (contingent or otherwise); (ii) matching as to maturity and interest in respect of assets and liabilities (contingent or otherwise); and (iii) unhedged positions, exceeding a specified ratio, in foreign currencies or precious metals; exchange and interest rate instruments; stocks and other transferable securities; and forward contracts, swap agreements, futures, options, and other derivatives relating to currencies, stocks, bonds, precious metals or interest rates.

3. The CBI shall by regulation prescribe prudential requirements as well as the common procedures and methods of calculation to be followed by banks in their application. The CBI may specify requirements, prescribed in response to exceptional circumstances, concerning the rate of interest, maturity and other conditions applicable to any type or form of financing extended or received (including deposits) or applicable to contingent liabilities.

Article 29A Net domestic assets required for branches of foreign banks

Each branch of a foreign bank, if so directed by the CBI, shall maintain in Iraq an excess of assets over its liabilities to third parties other than any other office, or any affiliate, or any subsidiary of the foreign bank in such amount, if any, as the CBI may direct.

Article 30 Large exposures

1. No bank shall grant credit to a person if as a result thereof:

a. the aggregate outstanding principal amount of all of the bank's credits to that person would exceed the equivalent of fifteen percent, or such lower percentage as specified by regulations issued by the CBI, of the bank's unimpaired capital and reserves (large credit exposure), without obtaining prior approval of the CBI;

b. the aggregate outstanding principal amount of all of the bank's credits to that person would exceed the equivalent of 25 percent, or such lower percentage as specified by regulations issued by the CBI, of the bank's unimpaired capital and reserves; or

c. the aggregate outstanding principal amount of all large credit exposures of the bank pursuant to sub-paragraphs (a) and (b) would exceed the equivalent of 400 percent, or such lower percentage as specified by regulations issued by the CBI, of the bank's unimpaired capital and reserves.

2. The limitations specified in paragraph (1) shall not apply to any principal amount of credit that is fully secured by readily marketable collateral in accordance with the standards prescribed for that purpose by regulation of the CBI, provided, however, that no bank shall grant such secured credit if, as a result thereof, the aggregate outstanding principal amount of all its secured credits to the person receiving such credit would exceed the equivalent of

20 percent of the bank's unimpaired capital and reserves, or such lower percentage as specified by regulations issued by the CBI.

3. The provisions of paragraphs (1) and (2) shall not apply to:

a. transactions with, or guaranteed by, the government;

b. transactions secured by obligations of, or fully guaranteed as to principal and interest by, the Government of Iraq or any agency or instrumentality of the Government of Iraq specified by the CBI by regulation;

c. transactions denominated in Iraqi dinars that are fully secured by deposits in a segregated account at the bank denominated in Iraqi dinars; and,

d. amounts paid against uncollected funds in the ordinary process of collection.

4. For the purposes of applying this article or any regulations issued pursuant thereto, a person shall be deemed to include any other person with whom such person is connected, directly or indirectly, in such a way that the financial soundness of any of them may affect the financial soundness of the other or others, or the same factors may affect the financial soundness of some or all of them, or if as a result of the structure of their relationship the other person is in fact ultimately responsible for the credit outstanding.

5. For purposes of this article and any regulations issued pursuant thereto, the term "bank" means, with respect to a domestic bank, the bank together with its subsidiaries and, with respect to a foreign bank with a permit to operate a branch in Iraq, its Iraqi branch or branches

Article 31 Transactions with related persons and senior bank officials

1. No bank may extend credit to a related person or senior bank official:

a. if, in the case of a domestic bank, the credit and its financial terms and conditions have not been approved by the board of directors;

b. if the credit is granted to an administrator or senior bank official of the bank and the credit would cause the aggregate amount of credit disbursed by the bank to that person and outstanding, including any credit granted by one or more of the bank's subsidiaries, to exceed the equivalent of 50 percent of the annual remuneration of that person, or if the credit would cause the aggregate amount of credits disbursed to all related persons and senior bank officials and outstanding to exceed ten percent of the unimpaired capital and reserves of the bank, or such lower percentage as specified by regulation issued by the CBI, provided, however, that the foregoing percentage limits shall not apply to any credit that is secured by a mortgage on property for a local primary residence whose appraised value, in the opinion of the CBI, at the time that

that credit is granted exceeds the principal amount of the credit by not less than one-third of that principal amount;

c. if the credit is granted on terms and conditions that are less favorable to the bank than the terms and conditions that are offered by the bank to the public in the ordinary course of business at the time when the credit is granted; or

d. if the credit is not fully secured in the amount and manner specified by regulation issued by the CBI.

2. No bank may purchase assets from or sell assets to a related person that is a natural person, or any officer or employee of the bank or a related person.

3. No bank may purchase assets from a related person that is a juridical person:

a. if, in the case of domestic bank, the asset purchase and its financial terms and conditions have not been approved by the board of directors; or

b. if the asset purchase is on terms and conditions that are less favorable to the bank than the terms and conditions that are offered by the bank to the public in the ordinary course of business at the time when the asset purchase occurs.

4. In the case of a domestic bank, every credit provided by a bank to, or asset purchased from, a related person or senior bank official shall be promptly reported to the audit committee of the bank. If credit has been provided by a bank to, or an asset purchased from, a related person or senior bank official in violation of the provisions of paragraph (1), the credit must be immediately repaid, and the members of the board of directors or the designated branch manager, as the case may be, shall be personally liable, jointly and severally, for payment of principal of, and interest and other charges on, credit granted in violation of paragraph (1) with their knowledge and without their objection.

5. The CBI may instruct a bank to deduct any lending to a related person or senior bank official from capital for purposes of calculating the ratio pursuant to paragraph (1) of Article 16.

6. The limitations contained in sub-paragraph (b) of paragraph (1) shall not apply to the portions of credits denominated in Iraqi dinars fully secured in the manner specified by the CBI by regulation, by deposits in a segregated account at the bank denominated in Iraqi dinars, or the portions of credits fully secured by, or fully guaranteed as to principal and interest by, the Government of Iraq or any agency or instrumentality of the Government of Iraq specified by the CBI by regulation.

7. Definitions. For the purposes of this article and any regulations issued pursuant thereto:

a. “Bank” means, (i) with respect to a domestic bank, the bank together with its subsidiaries and (ii) with respect to a foreign bank with a permit to operate a branch in Iraq, its Iraqi branch or branches.

b. “Related person” means a related person as that term is defined in Article 1 of this Law and, in addition, any spouses and children of persons related in the first or second degree to an administrator of the bank.

c. “Senior bank official” means a senior bank official as that term is defined in Article 1 of this Law and, in addition, any person related to a senior bank official in the first or second degree, and any spouses and children of such persons.

Article 32 Foreign currency exposure

The CBI may issue regulations to set the maximum foreign currency exposure which banks may incur in foreign currency generally or in any specified currency or currencies.

Article 33 Investment restrictions

1. It shall be prohibited for any bank without the CBI’s prior approval to invest in the stocks, shares, or equity-linked bonds of any undertaking in an amount that exceeds 20 percent of the bank’s unimpaired capital and reserves. To the extent that any stocks, shares, or equity-linked bonds transferred to the bank in the course of its banking operations would cause the bank’s holdings to exceed such limit, the bank shall dispose of such stocks, shares, or equity-linked bonds as soon as practicable and not later than at a date at which such disposition may occur without incurring a loss, and, in any case, within two years of their acquisition at the latest. Upon request by the bank, this period may be extended for a period of up to one year by decision of the CBI.

2. Except in connection with the granting of mortgage loans in the conduct of its banking operations, it shall be prohibited for any bank to possess real estate other than real estate essential to the conduct of its operations and for the housing of its employees and workers. This provision shall not bar the bank from leasing any excess portion of real estate held for the conduct of its operations, provided it obtains the CBI’s prior approval. A bank shall dispose of any real estate transferred to it in the course of its banking operations other than mortgage lending as soon as practicable and not later than at a date at which such disposition may occur without incurring a loss and, in any case, within two years of acquiring it at the latest. Upon request by the bank, this period may be extended for two periods of up to two years each by decision of the CBI.

3. It shall be prohibited for any bank to acquire a participation in another bank or financial institution without first obtaining the CBI’s prior written approval and without meeting the requirements stipulated by the CBI.

4. It shall be prohibited for any bank to possess shares in other banks or financial institutions without the CBI’s prior approval unless such shares were transferred to the bank in the

course of its banking operations. In this case, the bank shall sell the shares as soon as practicable and not later than at a date at which such disposition may occur without incurring a loss and in any case, within two years of acquiring them at the latest, unless the CBI grants approval to retain the shares.

5. It shall be prohibited for any bank without first obtaining the CBI's prior written approval to acquire stock or shares in a company established outside Iraq, except when such stock or shares are transferred to it in the course of its banking operations.

Article 34 Bank holidays

All banks must open their doors for business with the public on all days and during all office hours approved by the CBI, excluding Fridays and bank holidays. The CBI shall, by regulation, announce the holidays to be observed by banks. No bank may open its doors to the public during these bank holidays, be they official or unofficial holidays. In the event that circumstances require the suspension of banking operations, the CBI may order banks to close their doors temporarily, cease their operations, and resume them only by order of the CBI.

Article 35 Suspicious transactions

1. If a bank or any of its administrators, officers or employees learns that the execution of any banking transaction or the receipt or payment of any sum of money pertains or may pertain to any crime or illegal act, the bank shall immediately notify the appropriate official or judicial authority to this effect. The bank shall inform the CBI on a monthly basis about suspicious transaction reports submitted, if any, and concerning any need for additional action regarding this matter.

2. A bank's disclosure of any information in good faith under this article shall not be considered a breach of banking confidentiality. In addition, neither the CBI nor the bank shall bear any liability as a result thereof.

Article 36 Restriction on bank shares

No bank may grant any credit, including loans and advances, or provide a guarantee or security to a customer that uses the customers' shares in the bank as collateral to secure the loan. A bank may not purchase its own shares without prior approval of the CBI.

Article 37 Dormant accounts

1. Amounts on deposit in an account at a bank, and any other property held by a bank are subject to special rules if the accounts are considered dormant accounts or the property held by a bank is considered abandoned. The requirements of this article apply only to dormant accounts maintained at an office in Iraq or abandoned property located in Iraq.

2. If a customer has not evidenced any interest in the amounts on deposit or other property by recorded transaction or written correspondence with the bank for seven years beginning no earlier than the date that this Law entered into effect, on the first business day of the following calendar year, the bank shall dispatch by registered post a notice to the customer at the customer's last known address containing particulars of the dormant account or other abandoned property, and publish in at least two newspapers of general circulation and the Official Publication the name of the customer. Not less than 30 days after such notice and publication, if the customer cannot be located, the bank shall make a detailed report to the CBI, which report the CBI shall maintain in its records for at least 20 years from the date the property is turned over to it, and shall turn over the amount on deposit or other property to the CBI, to be held in a special account at the CBI. In the case of property other than funds on deposit, the CBI shall sell the property in a public auction or other appropriate method designed to generate the maximum value for the property.

3. The CBI shall hold the funds in a special account to be invested in Iraqi government securities, or other securities if Iraqi government securities are not available, provided that, for a period of twenty years from the date the property was turned over to the CBI, any owner who, to the satisfaction of the CBI furnishes proof of ownership, shall be entitled to repayment of the amounts by the CBI. After the expiration of such period, any remaining unclaimed amounts shall be transferred to the Ministry of Finance for deposit in the State Treasury.

Article 38 Records

1. Banks shall keep on file in Iraq for at least seven years the pertinent documents for each one of their transactions, namely:

a. customer identification records;

b. application and all contract documents pertaining to the transaction (including credit, guarantee and collateral agreements) and a signed written record of the decision of the bank approving the transaction;

c. financial records concerning counterparties (including borrowers and guarantors), and any other documentary evidence on which the bank relied in approving the transaction;

d. the account agreements with its customers; and

e. such other documents as the CBI may specify by regulation.

2. Records shall be kept in written form. A bank may retain books, records, statements, documents, correspondence, cables, notices, and other documents relating to its financial activities in reduced form (microfilm, electronic data storage or other current technological devices) instead of the original for the period established in the law, to the extent that adequate data recovery systems and procedures are in place. Such reduced copies shall have

the probative effect of the original. The CBI may issue regulations setting out detailed systems requirements.

Article 39 Payment system

1. Banks may establish cooperative systems and clearing houses for the transfer of funds and for the settlement of accounts and payment instruments among themselves and among other financial institutions. The CBI may establish rules and procedures to govern the conduct of these activities.

2. Banks may establish credit reporting agencies or credit bureaus to collect and to disseminate to other banks such information concerning the financial affairs of existing and prospective customers as the banks may need in order to make prudent banking decisions. Such information shall be furnished only to banks having an actual or prospective banking relationship with the person concerning whom the information is provided. Such information shall be furnished subject to such restrictions, including rules and procedures that may be adopted by the CBI under paragraph (e) of Article 51, as shall be necessary to protect the confidentiality of banking information and to prevent the unauthorized dissemination of such information.

Section 6 – Accounts and Financial Statements

Article 40 Financial year

The financial year of domestic banks shall begin on January 1 and end on December 31 of the same year. For a branch of a foreign bank, the financial year may differ.

Article 41 Periodic reporting

1. Each bank shall furnish the CBI at the relevant intervals specified by regulation with:

a. statements showing its assets and liabilities;

b. statements on the foreign currency exposures, capital adequacy ratio, reserve position, liquid assets, large exposures and credits to related persons;

c. information or statistics concerning its various accounts and activities, including information on deposits, banking facilities, credit plans, or credit and contingent liabilities granted to the bank’s customers;

d. information, statements, tables, or budgets concerning its various accounts and activities, either in a consolidated form or for each of its branches separately, at the times and according to the format and method stipulated by the CBI by regulation; and

e. such other statements or information as requested by the CBI.

2. The CBI may request reports from any of the bank's subsidiaries or affiliates if deemed necessary for the exercise of consolidated supervision of the bank's activities.

3. The expenses incurred in complying with reporting obligations or requests by the CBI to provide information shall be borne by the relevant bank.

Article 42 Principles for accounting and preparation of financial statements

1. Banks shall:

a. maintain proper books and records required for orderly operations in accordance with the provisions set out in Article 38;

b. apply accountancy rules and systems in conformity with international accounting standards (IAS), including the use of full accrual accounting on a daily basis, and in compliance with any special requirements stipulated by the CBI in this regard; and

c. prepare its financial statements comprising the balance sheet, profit and loss account, cash flow statement and statement of changes in the bank's capital account in an adequate manner that reflects the reality of the financial positions of the bank and its branches. The financial statements shall be prepared in accordance with international accounting standards (IAS) and in compliance with any special requirements stipulated by the CBI in this regard. The financial statements shall give a true and fair view of the state of affairs of the bank and shall include a statement on the bank's internal control systems.

2. Banks shall comply with any regulations or orders issued by the CBI with respect to the rules set out in paragraph (1). The CBI shall issue, by regulation, provisions on the accounting system and rules applicable to banks.

Article 43 Financial statements

1. Each bank shall prepare financial statements. Each bank that has one or more subsidiaries shall also prepare consolidated financial statements.

2. The CBI may specify other affiliates of a bank, in particular a company that controls a bank and any other company that is controlled by the company that controls the bank, for which consolidated financial statements shall be submitted.

3. Each foreign bank with one or more branch offices in Iraq shall prepare accounts and financial statements for its operations in Iraq as if such offices together were to constitute a single entity.

4. A copy of each bank's audited financial statements, including audited consolidated financial statements, if applicable, shall be submitted by the bank to the CBI when they

become available and within four months after the end of the financial year at the latest. Each foreign bank with one or more branch offices in Iraq shall also submit a copy of the foreign bank's audited consolidated financial statements to the CBI when they become available.

5. The audited financial statements of a bank shall be made available to its shareholders not less than 30 days prior to the general meeting of shareholders at which the financial statements are to be presented for approval.

Article 44 Publication of financial statements

1. A bank shall publish, in two newspapers of general circulation, its audited financial statements, including audited consolidated financial statements, if applicable, not later than four months after the end of the financial year.

2. Each bank shall display in a prominent location at its head office and its branches its most recent audited financial statements, including audited consolidated financial statements, if applicable, and a list of the names of the members of its board of directors.

Article 45 Annual report

1. Each bank shall send copies of the annual report to the CBI not later than 30 days after it becomes available, and within six months after the end of the bank's financial year at the latest.

2. The annual report shall contain such information as prescribed by regulation of the CBI, including a report by the board of directors on the bank's business during the preceding year and the business projections for the coming year.

Section 7 – Audit

Article 46 Audit

1. Each bank shall appoint an independent external auditor with qualifications and experience in the audit of banks acceptable to the CBI. The external auditor shall be appointed by the bank's shareholders at the general meeting of shareholders, provided that if the bank fails to appoint an auditor satisfactory to the CBI, the CBI shall appoint such auditor.

2. The auditor, or any member of the audit firm, shall not be an administrator, owner, affiliate, employee, agent or representative of the bank for which the auditor is to be appointed and shall not have an interest in the bank, with the exception of holding a deposit in the bank. Should the auditor acquire any such interest in the bank during the course of the appointment, the services of the auditor shall be terminated and a temporary alternate auditor be appointed by the CBI until the bank appoints a new auditor.

3. The auditor shall not provide services to the bank that are connected with the internal audit function of the bank, except for occasional training purposes.

4. No bank shall appoint the same auditor continuously for a period of more than 5 years without an exemption granted by the CBI.

5. In accordance with internationally-recognized auditing standards and any standards issued by regulation of the CBI, the auditor shall audit the bank's operations on a consolidated basis and:

a. issue a statement to the bank indicating whether the auditor or any member of the audit firm: (i) holds an ownership interest in the bank; and (ii) complies with the provision of paragraph (3);

b. assist the bank in maintaining proper accounting systems and procedures;

c. assist the bank in maintaining proper financial control and risk management systems and procedures;

d. upon request by the audit committee, attend meetings of the audit committee;

e. within three months after the end of the financial year, prepare for the board of directors of the bank an audit report together with an audit opinion as to whether the financial statements are complete, fair and properly drawn up and present a full and fair view of the financial condition of the bank in accordance with the provisions of this Law; in particular, the audit report shall state:

(i) whether any explanation or information requested from the administrators, employees or agents of the bank in the course of the audit was satisfactory;

(ii) the degree of adequacy of, and the bank's adherence to, internal control measures and accounting systems in effect;

(iii) the method for keeping documents, records, and books, and the latter's orderliness and inclusion of operations needed to enable monitoring, auditing, and internal and external audit;

(iv) the adequacy and performance of the bank's management regarding protection of the funds of the bank and depositors;

(v) deficiencies in the bank's activities, the auditor's recommendations for the management regarding the deficiencies, and the extent to which management applied the auditor's recommendations and remarks made in connection to operations in previous years; and

(vi) the degree of accuracy of periodic statements sent to the CBI; and the correspondence of the statements with the content of records, books,

accounting systems and practices in effect at the bank and with the CBI's orders in this regard;

f. provide the board of directors and the CBI with a report stating the auditor's opinion on the bank's system of loan classification and concerning the provisioning for doubtful claims indicating any deficiency in the provisioning needed for the bank's assets according to the CBI's orders;

g. inform each member of the board of directors and the CBI about any act by an administrator, officer, employee or agent of the bank of which the external auditor has become aware that constitutes a material violation of a provision of this Law or any regulation or order issued by the CBI; and

h. inform each member of the board of directors and the CBI about any irregularity or deficiency in the bank's administration or operations of which the external auditor has become aware and which could be expected to result in a material loss for the bank.

6. Each bank shall send copies of the audit report to the CBI not later than 30 days after it becomes available. Where the CBI is not satisfied with the auditor's report, it may require the appointment of another auditor to prepare a new audit report within a specified time.

Article 47 Additional duties

1. The CBI may impose on an auditor, in addition to any duty specified in Article 46, a duty to:

a. submit to the CBI such additional information in relation to the audit as the CBI considers necessary;

b. submit a report, carry out an inspection or establish any procedure as specified by the CBI;

c. submit to the CBI a report on the financial and accounting systems and internal controls of the bank; or

d. certify whether or not adequate measures to prevent money-laundering or terrorist financing have been adopted by the bank and are being implemented in accordance with such regulations, orders and guidelines issued by the CBI.

2. The auditor's costs for performing any such additional duties requested by the CBI shall be borne by the bank.

Article 48 Application of certain provisions

1. The provisions of the Private Companies Law shall apply to bank auditors unless stipulated otherwise in this Law.

2. Auditors shall observe professional and banking confidentiality requirements, provided that the auditor shall not incur legal liability for the disclosure of confidential information concerning a bank or a bank customer that the auditor provides in good faith to the CBI under this Law. In particular, a report by the auditor to the CBI pursuant to paragraph (5), sub-paragraphs (g) and (h) of Article 46 shall not be construed as a breach of professional or banking confidentiality obligations.

Section 8 – Confidentiality

Article 49 Banking confidentiality

A bank shall maintain confidentiality regarding all accounts, deposits, trusts, and safe deposit boxes of customers. It shall be prohibited to provide information on the aforesaid, directly or indirectly, without the written approval of the relevant customer; or, in the event that the customer is deceased, without the consent of the customer's legal representative, or one of the customer's heirs or legatees; or without the decision of a court of law or the public prosecutor in an existing judicial dispute or the existence of one of the cases permitted under this Law. This prohibition shall remain in effect even if the relationship between the customer and the bank ends for any reason.

Article 50 Individual confidentiality

It shall be prohibited for any current or former administrator, officer, employee or agent of a bank to provide information or statements on customers or their accounts, deposits, trusts, or safe deposit boxes, or transactions or to disclose or enable a third party to examine such information and statements in other than those cases permitted under this Law. This prohibition shall also apply to any person, including auditors and employees and agents of the CBI, and any person appointed by the CBI to carry out an examination pursuant to Article 53, who examines such statements and information directly or indirectly by virtue of their profession, position, or work.

Article 51 Exceptions

The provisions of Articles 49 and 50 of this Law shall not apply to disclosure of information in the following cases:

a. the performance of duties legally assigned to auditors appointed by the bank or by the CBI according to this Law;

b. information and documents requested by the CBI in connection with its duties under this Law or the Central Bank of Iraq Law;

c. actions taken in good faith in the course of the performance of duties or responsibilities imposed by this Law or in the implementation of measures countering money-laundering and terrorist financing pursuant to regulations of the CBI;

d. the issuance of a certificate or statement of the reasons for refusing to pay a check based on the request of a rightful holder;

e. the provision of information on: (i) customers' indebtedness to provide the necessary data for determining the soundness of granting credit; (ii) bad checks; or (iii) any other transaction deemed necessary by the CBI because of its pertinence to the soundness of the banking sector to banks, the CBI or any other agencies approved by the CBI to facilitate the exchange of such information pursuant to rules and procedures specified in regulation of the CBI;

f. a bank's disclosure of all or some information on a customer's transactions to prove its claim in a judicial dispute between it and its customer regarding these transactions; and

g. information provided by the CBI to supervisory authorities under Article 54 of this Law.

Article 52 Information provided by banks

1. Any information collected from a bank revealing its individual customers, customer transactions or other particulars pertinent to its relations with its individual customers shall be considered confidential and may be disclosed only with the consent of the bank or as authorized by this Law. The CBI shall restrict access to such individual customer information within the CBI to authorized employees.

2. The CBI may publish, in its entirety or in part, information provided to it by banks, provided such publication does not disclose confidential information. Unless the CBI first obtains the consent of the bank, the CBI shall not disclose particulars of the bank's operations other than as may be contained in the financial statements approved by the bank's board of directors, or information already in the public domain.

Section 9 – Supervision and Examinations

Article 53 Examinations

The CBI shall supervise banks on a consolidated basis in the following manner:

1. The CBI shall review the statements, documents, information, clarifications, and proof submitted by banks in the application of this Law.

2. The CBI may request that banks, or any of its subsidiaries or affiliates, provide, and corroborate in writing when it deems necessary, any additional information, reports, documents, clarifications, or proof.

3. The CBI may at any time cause an on-site examination of a bank, its subsidiaries or affiliates, to be made by one or more employees of the CBI, or by any other person or persons appointed by the CBI for this purpose. The examination shall review the operations of a bank to ascertain its financial position and the extent to which the bank complies with the provisions of laws and regulations regarding the management of its activities and adheres to internal policies. The CBI shall examine all banks on a regular basis, and at least once every year, except that representative offices shall be examined at least once every two years.

4. Any person authorized to carry out an examination under this article shall be subject to confidentiality requirements and may require any administrator, officer, employee or agent of a bank, or its subsidiaries or affiliates, to provide access to all necessary books, accounts, documents, and records. Any information deemed necessary and requested by the examiner shall be furnished in a timely manner during the course of the examination.

5. Examiners shall submit to the CBI a report on the results of the examination. The CBI shall notify the board of directors of the relevant bank of the examination results.

Article 54 Exchange of information

1. The CBI may exchange information on supervisory matters, preferably based on a Memorandum of Understanding, with financial supervisory authorities in Iraq and with banking supervisory authorities in other countries. The exchange of such information may include confidential information, provided that the CBI has satisfied itself that reasonable steps have been taken to ensure the confidentiality of any such information submitted.

2. The CBI may enter into Memoranda of Understanding with financial supervisory authorities in Iraq or with banking supervisory authorities in other countries setting out the scope, procedures and further details for the exchange of information.

Article 55 Immunity from legal action

1. No member of the board of directors of the CBI, employee of the CBI, agent of the CBI, any person appointed pursuant to the provisions of this Law (i) to carry out an examination pursuant to Article 53, (ii) as conservator, or (iii) as receiver, or any person engaged by a conservator or receiver pursuant to paragraph (3) of Article 62 or paragraph (4) of Article 80 shall be personally liable in damages for any act or omission taken in the discharge or purported discharge of official functions within the scope of their employment or engagement under this Law.

2. The CBI shall indemnify a member of the board of directors of the CBI, employee of the CBI, an agent of the CBI, any person appointed pursuant to the provisions of this Law (i) to carry out an examination pursuant to Article 53, (ii) as conservator or (iii) as receiver, or any person engaged by a conservator or receiver pursuant to paragraph (3) of Article 62 or paragraph (4) of Article 80 against any legal costs incurred in the defense against legal action brought against such person in connection with the discharge or purported discharge of official functions within the scope of their employment or engagement under this Law,

provided that no such indemnification shall apply if such person has been convicted of a crime arising out of the activities that are covered by such legal action.

Section 10 – Enforcement Measures and Penalties

Article 56 Prompt corrective action and administrative penalties

1. The CBI may take any measure or impose any administrative penalty stipulated in paragraph (2) of this article in cases where it is evident that a bank, an administrator of a bank or any other person:

a. violated the provisions of law or any regulation or order issued by the CBI;

b. conducted unsafe or unsound banking operations.

2. If any of the violations stipulated in paragraph (1) above occur, the CBI may take one or more of the following measures or administrative penalties:

a. send a written warning to the bank;

b. give orders to the bank;

c. order that the bank submit a program of measures it intends to take or a detailed description of measures it has taken to eliminate the violation and correct the situation;

d. order that the bank cease some of its operations, or bar it from distributing profits or dividends;

e. impose any restriction on the granting of credit deemed appropriate;

f. in addition to any minimum balance stipulated in the Central Bank of Iraq Law and other legally required deposits, require the bank to deposit and maintain balances with the CBI without interest for a period deemed appropriate by the CBI;

g. order that the chairman of the board of directors convene the board of directors to review and examine the violations attributed to the bank and to take the necessary measures to eliminate the violations; in this case, one or more representatives of the CBI shall attend the board of directors' meeting;

h. order that the bank temporarily or finally suspend from office any authorized manager or designated branch manager, depending on the seriousness of the violation;

i. order that the bank remove the chairman or any of the members of the bank's board of directors;

j. dissolve the bank's board of directors and appoint a conservator in accordance with paragraph (2) of Article 59; or

k. impose an administrative penalty on the bank, provided that at the discretion of the CBI, administrative penalties may be imposed on a daily basis until the violation has eased or compliance is obtained, and such administrative penalties shall not exceed five percent of the bank's paid-up capital overall

3. The CBI may impose an administrative penalty on a bank of up to 5 million *dinars* per day until the violation has eased or compliance is obtained, and not to exceed five percent of its paid-up capital overall in the following cases:

a. if the bank intentionally submitted to the CBI statements, statistics, or information that are deficient or false; or

b. if the bank does not provide the CBI with information on a customer, certain risks of particular customers, or any other information as requested by the CBI.

The imposition of the administrative penalty stipulated in this paragraph shall not bar the CBI or other aggrieved bank from demanding compensation from the bank in violation for damages arising from actions referred to in sub-paragraphs (a) and (b) of this paragraph.

4..Other than in an emergency situation requiring urgent action, the CBI shall, before deciding whether an order shall be given to a bank pursuant to this article, serve the bank with a notice of charges, including a statement of the facts constituting the alleged violation or threat of violation, describing the order that the CBI proposes to issue, requesting a written response from the bank by a date not earlier than 30 days nor later than 60 days after the date of service of such notice. If requested by the bank in its written response, the CBI shall schedule a hearing to determine whether an order should be issued. Any order shall be accompanied by the reasons for issuing such an order. The CBI may issue such regulations as it may deem necessary prescribing the procedures for the conduct of hearings.

5. The imposition by the CBI of measures or administrative penalties stipulated in this article shall not bar any civil or criminal accountability under the provisions of any other law.

Article 57 Illegal banking business

1. Each person who engages in banking activities as a business without a banking license or permit issued by the CBI is guilty of an indictable offense and liable to the penalty for fraud contained in the Penal Code.

2. The penal courts shall be responsible for hearing actions initiated by the public prosecutor based on the request of the CBI or any concerned party.

Article 58 Collection of administrative penalties

The CBI shall collect the administrative penalties imposed on a bank under this Law. Any administrative penalties collected shall be paid to the State Treasury.

Section 11 – Conservatorship

Article 59 Grounds for appointment of a conservator

1. The CBI shall appoint a conservator for a bank when the CBI determines that:

a. the bank fails to pay its financial obligations, including but not limited to deposit liabilities, as they fall due;

b. the capital of the bank is less than 50 percent of the minimum capital required by law or by regulation of the CBI pursuant to paragraph (1) of Article 16;

c. a petition has been submitted for opening bankruptcy proceedings against the bank, as set forth in Article 72; or

d. The Governor of the CBI has determined that the appointment of a conservator for the bank is necessary to ensure the stability and soundness of the banking system as a whole

2. The CBI may appoint a conservator for a bank when the CBI determines that:

a. the bank fails to carry out an order given to the bank by the CBI;

b. the capital of the bank is less than 75 percent of the minimum capital required by law or by regulation of the CBI pursuant to paragraph (1) of Article 16; or

c. there is evidence that the bank or any of its administrators have engaged in criminal activities punishable by imprisonment of one year or more or there is reasonable cause to believe that the bank or any of its administrators are engaging in such criminal activities.

d. the bank's license or permit has been obtained on the ground of fraudulent statements or other material irregularities that occurred in connection with the application;

e. the bank has not made use of its license or permit within twelve months after the date of its effectiveness, or the bank has ceased for more than six months to engage in the business of receiving money deposits or other repayable funds from the public or making credits or investments for its own account;

f. the bank conducts its administration or operations in an unsafe or unsound manner;

g. the bank, in a manner which materially affects the financial soundness of the bank, violates a law, a regulation of the CBI, or any condition or restriction attached to a license or permit issued by the CBI;

h. the bank, or the foreign bank or bank holding company of which the bank is a subsidiary, or a subsidiary of the bank, has engaged in criminal activities constituting fraud, money-laundering or terrorist financing as defined in the Anti-Money Laundering Act of 2004;

i. the foreign bank or bank holding company of which the bank is a subsidiary has lost its operating license;

j. the CBI is hindered in supervising the bank because the bank has moved all or part of its administration, operations, books or records outside Iraq without the prior written approval of the CBI;

k. the CBI is hindered in supervising the bank because the bank is a member of a group of companies, or because the bank is a subsidiary of a foreign bank or bank holding company that is not adequately supervised;

l. the foreign supervisory authority responsible for the supervision of the bank or the foreign bank holding company of which the bank is a subsidiary has appointed a conservator or receiver for the bank, foreign bank or bank holding company; or

m. The Governor of the CBI has determined that the appointment of a conservator for the bank is necessary to ensure the stability and soundness of the banking system as a whole.

3. The provisions of this section shall apply to the domestic branch offices and domestic representative offices of a foreign bank as if all these offices together were to form a single legal entity. All assets, liabilities, acts and omissions of the foreign bank resulting from or otherwise relating to the business of any such office shall be attributed to that single entity in applying the provisions of this section. The conservator shall be authorized to take all actions with respect to such single entity as could be taken, were it to be a domestic bank, by the authorized manager or by shareholders at the general meeting of shareholders.

Article 60 Appointment of a conservator

1. A conservator shall be appointed by decision of the CBI. A conservator may be an individual or, in the discretion of the CBI, a group of individuals that is organized as specified by the CBI. Only a fit and proper person is eligible to serve as conservator for a bank

2. If at any time a conservator becomes ineligible to serve, the conservator shall be replaced by the CBI.

3. Conservators shall be appointed for a term, not exceeding eighteen months, specified in the decision on their appointment. The term of appointment may be extended by the CBI once for another period not exceeding eighteen months. The conservator shall be employed by the CBI and receive remuneration from the CBI. All costs incurred by the CBI on account of the conservatorship shall be borne by and charged to the bank for which the conservator is appointed.

4. The decision by the CBI appointing a conservator or extending the term of appointment of a conservator shall be in writing, shall specify the grounds on which it is given and shall list the principal duties of the conservator. The CBI shall ensure that promptly after the decision is given each such decision is served on the bank for which the conservator is appointed, is recorded in the register of banks and is published in the Official Publication.

Article 61 Effects of the appointment of a conservator

1. The decision of the CBI appointing a conservator for a bank shall take effect immediately, unless the decision provides otherwise.

2. The decision of the CBI appointing a conservator for a bank shall suspend the powers of the shareholders to take action at the general meeting of shareholders of the bank. Thereafter, the conservator shall have the power to take all of the actions in the ordinary course of business including those that could be taken at the general meeting of shareholders of the bank, such as the sale and disposition of assets and such other actions as may be necessary to place the bank in a safe and solvent condition, except that a transaction involving the participation of the bank in the capital stock of other financial institutions or any of the transactions referred to in Article 84 may be entered into only in circumstances and on terms and conditions that have been approved by the Financial Services Tribunal at the request of the CBI.

3. The decision of the CBI appointing a conservator for a bank shall suspend the powers of the administrators of the bank and shall have the effect of transferring all the powers of the administrators of the bank to the conservator. The conservator may delegate to other persons, including administrators and employees of the bank, such powers as the conservator deems necessary or appropriate, unless the CBI determines otherwise in a written notice to the conservator. In the absence or inability of the conservator to act, the CBI may exercise the powers of the conservator.

4. Actions taken by or on behalf of a bank after the decision appointing a conservator for that bank takes effect shall be null and void, unless they are taken by or by the authority of the CBI or the conservator, or unless they are money or securities transfer orders covered by Article 83.

5. A conservator shall be accountable only to the CBI for the performance of duties and for the exercise of the powers as conservator. The conservator shall only be subject to the duties, rules and instructions given to the conservator by the CBI.

6. Notwithstanding any requirements set forth in Article 14, the CBI, in its sole discretion, may organize and license a bridge bank which will be owned and controlled by the CBI, to receive any assets and liabilities of one or more banks as to which a conservator under section 11 or receiver under section 14 has been appointed. A bridge bank (i) may be placed under the control of a conservator or receiver under this section 11; and (ii) shall terminate its operations at the end of a two-year period following the issuance of a license, except that the CBI, in its discretion, may extend its status for three additional one-year terms.

7. In the performance of its duties, the conservator shall conduct the operations of the conservatorship in a manner which maximizes the return from the sale or disposition of the bank's assets, minimizes the amount of any losses, and provides for the fair and equitable treatment of creditors.

Article 62 Taking control of the bank

1. Immediately upon appointment, the conservator shall take control of the bank for which he has been appointed and secure the assets, books and records of the bank, and thereafter manage the bank during the period of conservatorship in order to prevent the dissipation of such assets, including but not limited to theft or other improper action.

2. The conservator shall have unrestricted access to and control over the assets, the offices, and the books of account and other records, of the bank for which he has been appointed. Immediately upon the request of a conservator, law enforcement officials shall, if necessary by use of force, assist the conservator to gain access to the premises of the bank for which the conservator has been appointed and to gain control over and to secure the assets, books and records of the bank. The decision of the CBI appointing the conservator shall have the legal force and effect of an enforceable court order requiring law enforcement authorities to provide such assistance.

3. A conservator may employ at the expense of the bank for which the conservator has been appointed, such independent attorneys, accountants and consultants on such terms as the CBI shall approve.

4. All legal acts of the bank that are taken within 60 business days before the date of the CBI's decision appointing the conservator shall upon application of the conservator be declared null and void by the CBI if the bank and its counterparty in the act knew or should have known at the time of the act that the act would damage the interests of creditors of the bank. Such knowledge shall be presumed whenever the act consists of any act described in Article 82.8.a. through f. of the Banking Law.

5. The conservator may unilaterally terminate all current contracts or portions of contracts of the bank within a reasonable time not to exceed 60 business days from the date of its appointment, provided, however, that any party or beneficiary to such contract may file a claim for compensation for breach of contract, which compensation shall be limited to actual direct compensatory damages up to the date of termination of such contract by the

conservator, with interest to the date of payment, but which shall not include any punitive damages, damages for pain and suffering, or any damages for lost profits or lost opportunities.

6. Subject to Article 88 of this Law, the conservator may enforce any contract of the bank notwithstanding any provision of the contract providing for termination, default, acceleration, or exercise of rights upon, or solely by reason of, insolvency or the appointment of a conservator or receiver.

7. No provision of this article shall be construed as permitting the avoidance of any legally enforceable or perfected security interest in any of the assets of a bank except where such an interest is taken in contemplation of the bank's insolvency or with the intent to hinder, delay, or defraud the institution or the creditors of the bank

Article 63 Review of appointment

1. Within five business days from the date of service of the decision appointing the conservator for a bank, the board of directors of the bank may make written representations on behalf of the bank to the CBI challenging the appointment of the conservator. In the event that no such challenge is made within the five-day time period referred to above, the bank shall be deemed to have consented to the decision appointing the conservator. The members of the board of directors of the bank shall not be liable to the bank's shareholders, depositors, or creditors for a good faith decision not to challenge the appointment of a conservator.

2. Upon the timely receipt of such a challenge, the CBI shall review the appointment of the conservator in light of the arguments made against it and decide either to affirm the appointment or to terminate the appointment, giving the grounds for its decision in writing. The decision shall be served promptly upon the chairman of the board of directors of the bank.

3. If the appointment of the conservator is terminated, the conservator shall immediately return control of the bank and its assets, books and records to the authorized manager of the bank.

4. Any decision of the CBI appointing a conservator that is not a decision to which the bank has consented, and any decision of the CBI affirming the appointment of a conservator under paragraph (2) above, may be submitted by the bank, any administrator of the bank, creditor, depositor or shareholder to the Financial Services Tribunal for review within 20 business days from the date of service of the decision. The appointment and powers of the conservator shall remain in full force and effect until a final decision is taken by the Tribunal.

Article 64 Report of the conservator and plan of action

1. Not later than ten business days after the appointment, the conservator shall prepare and present to the CBI a report on the financial condition and future prospects of the bank for which the conservator has been appointed. The CBI may extend the date the report is due for

up to 30 calendar days after the appointment if supported by a request from the conservator. The conservator shall include in the report an assessment of the amount of assets likely to be realized in a liquidation of the bank. The report may be prepared with the assistance of such independent experts as the conservator may determine in accordance with paragraph (3) of Article 62.

2. The report shall be accompanied by a proposed plan of action, where relevant, that shall discuss the relative costs and benefits associated with:

a. returning the bank to compliance with the law by carrying out a plan of corrective action;

b. rehabilitation of the bank under the procedure set forth in Article 67; and

c. opening of bankruptcy proceedings against the bank.

Article 65 Moratorium

1. If required to protect the financial condition of a bank for which a conservator has been appointed, the CBI may at any time declare deposits and investments by the public in the bank, other than deposits and investments in segregated fiduciary accounts, to be totally or partially blocked for a maximum period of 30 calendar days, provided that measures are taken which, in the opinion of the CBI, will preserve the approximate value of these deposits and investments together with interest accrued before and during the moratorium. In extraordinary cases, the conservator, with the approval of the CBI, may at any time permit the withdrawal of some or all of the deposits held in the name of a natural person not to exceed 5 million *dinars* for each such case.

2. Upon the appointment of a conservator, all court proceedings against the bank shall be stayed for 12 business days. Any applicable statute of limitations will be tolled for the duration of this stay

Article 66 Termination of conservatorship

1. The appointment of a conservator shall terminate upon the earlier of:

a. completion of the term specified in the decision appointing the conservator or in the decision last extending the term of the conservator;

b. a decision by the CBI or the Financial Services Tribunal to that effect; or

c. appointment of a receiver pursuant to Article 78.

2. Upon termination of the appointment of a conservator as described in sub-paragraphs (a) or (b) of paragraph (1), the conservator shall immediately return control of the bank and its assets, books and records to the authorized manager of the bank.

3. Within 20 business days of the termination of the appointment, the conservator shall prepare and submit to the CBI a final report and accounting of the conservatorship.

Section 12 – Rehabilitation of Banks

Article 67 Rehabilitation procedures

1. A bank shall be rehabilitated by the conservator appointed for the bank under supervision of the CBI if the Minister of Finance has decided, based upon the written recommendation of the CBI, that the stability of the banking system of Iraq requires the rehabilitation of the bank. Once the Minister of Finance has taken a decision regarding the rehabilitation of a bank, the Minister of Finance may in the Minister's discretion authorize or make available financing in connection with the transactions, costs and expenses referred to in paragraphs (3), (4), and (5) of this article.

2. The recommendation of the CBI to rehabilitate a bank shall be accompanied by a rehabilitation plan prepared by the CBI in consultation with the conservator. The plan shall identify the existing weaknesses in the administration or operations of the bank, determine the corrective measures required to remedy such weaknesses, and provide a timetable and financing plan for the proposed rehabilitation. The plan shall also review and evaluate strategies for transferring the core business of the bank to another bank, including but not limited to a bridge bank, through one or more of the transactions authorized by Article 84 and shall to the extent practicable preclude the enrichment of bank owners at the expense of the State. At any time during the execution of the plan, the Minister of Finance, after having consulted the CBI, may (i) terminate the rehabilitation plan or (ii) request that the CBI submit a petition to the Financial Services Tribunal for the institution of bankruptcy proceedings under Article 72.

3. For the purpose of conserving the assets, protecting deposits and managing the business of a bank under rehabilitation on a going concern basis, the CBI may direct the conservator to transfer all or part of the assets and liabilities of the bank to a bridge bank capitalized by the State, which transfer shall become effective immediately. If some obligations of the bank to creditors would be excluded from such a transfer, the conservator shall take the interests of such creditors into account. Such a transfer shall not require the consent of the bank or any of its governing bodies. The transfer of liabilities shall be published by notice in the Official Publication and in two or more newspapers of general circulation designated by the CBI.

4. In addition to the powers granted under Article 61 and 62 of this Law, the CBI may:

> a. authorize the conservator for the bank under rehabilitation to carry out one or more of the transactions referred to in Article 84, which may include financing provided by the State in the form of capital, loan, deposits, grants, or guarantees; or,

b. order the bank under rehabilitation to increase the authorized capital of the bank and to issue shares of capital stock of the bank on such terms and conditions as the CBI may determine.

5. The costs incurred on account of rehabilitation of a bank shall be charged to the bank, and, in the event that the assets of the bank shall prove insufficient, to the State.

Article 67A Bridge banks

1. The CBI, in its sole discretion, may organize and license a bridge bank pursuant to Article 61(6) which will be owned and controlled by the CBI, to receive any assets and liabilities of one or more banks as to which a conservator under section 11 or receiver under section 14 has been appointed.

2. The CBI may organize and license a bridge bank pursuant to Article 67(3), which will be capitalized by the State, to acquire all or part of the assets and liabilities of a bank under rehabilitation.

3. The CBI shall appoint the members of the board of directors of a bridge bank who shall each be a fit and proper person. The board of directors of a bridge bank shall execute the memorandum of association of the bridge bank as approved by the CBI and shall adopt such bylaws as may be approved by the CBI.

4. A bridge bank shall have all corporate powers granted to banks by, and be subject to the requirements of, this Law, except that:

a. the bridge bank shall be exempt from the requirements of Article 14 and Article 16 of the Banking Law;

b. the CBI may exempt the bridge bank from or modify the requirements of Articles 30, 31, and 33 of this Law and the regulations issued thereunder; and

c. the CBI may appoint or remove any of the bridge bank’s administrators and senior bank officials.

5. Any judicial action to which a bridge bank becomes a party by virtue of its acquisition of any assets or assumption of any liabilities of a bank in default shall be stayed from further proceedings for a period of up to 45 days at the request of the bridge bank.

6. Except with the prior approval of the CBI, a bridge bank may not, in any transaction or series of transactions, issue capital stock or be a party to any merger, consolidation, disposition of assets or liabilities, sale or exchange of capital stock, or similar transaction, or change its charter.

7. A bridge bank (i) may be placed under the control of a conservator or receiver under this section 11; and (ii) shall terminate its operations at the end of a two-year period following the

issuance of a license, except that the CBI, in its discretion, may extend its status for three additional one-year terms.

Section 13 – Liquidation of Banks

Article 68 Voluntary liquidation

1. A bank may be liquidated at the decision of its owners after the voluntary termination of operations has been approved by the CBI, at their request, pursuant to Article 12, and the license has been revoked. The liquidation shall be carried out by the bank, in compliance with the procedures to be issued by the CBI and under supervision of the CBI.

2. The bank shall provide the CBI with such documents and information as the CBI shall request and shall grant the employees of the CBI, or any other person or persons appointed by the CBI for this purpose, access to the buildings, books and records of the bank whenever the CBI decides that such access is required to discharge its supervisory responsibilities.

3. If the CBI determines that the bank does not ensure an orderly liquidation or if the bank fails to comply with the provisions of paragraph (2), the CBI shall appoint a conservator under paragraph (1) of Article 69 who shall carry out or complete the liquidation of the bank.

Article 69 [Reserved]

Section 14 – Receivership of Banks

Article 70 General insolvency law does not apply to banks

Neither the Bankruptcy Law nor any other provisions amending or replacing the Bankruptcy Law in whole or part shall apply to banks.

Article 71 Grounds for opening bankruptcy proceedings

Upon receipt of a satisfactory petition under Article 72 and the appointment of a conservator under Article 73 by the CBI, the Financial Services Tribunal shall grant the petition and open bankruptcy proceedings against a bank on one or more of the following grounds:

a. the bank is not paying its financial obligations, including deposit liabilities, as they fall due;

b. the CBI determines that the capital of the bank is less than 25 percent of the capital required pursuant to paragraph (1) of Article 16;

c. the CBI determines that the value of the assets of the bank is less than the value of the liabilities of the bank; or

d. the CBI determines that any of the grounds for the appointment of a conservator identified in Article 59 exist.

Article 72 Petition for opening bankruptcy proceedings

1. Petitions for opening bankruptcy proceedings against a bank shall be submitted in writing to the Financial Services Tribunal.

2. No petition for opening bankruptcy proceedings against a bank may be granted by the Tribunal unless:

a. the petition is presented by the CBI, together with financial statements of the bank certified by the CBI, showing the basis on which one or more applicable grounds under Article 71 for opening bankruptcy proceedings applies; or

b. the petition has been filed with the Tribunal and served on the CBI by three or more creditors of the bank with obligations aggregating more than 4 billion *dinars* that are due and unpaid, together with documentary evidence showing that the bank is not paying its financial obligations as they fall due under paragraph (a) of Article 71.

Article 73 Appointment of conservator

1. As soon as a petition for opening bankruptcy proceedings against a bank has been served on the CBI by creditors of the bank under paragraph (2), sub-paragraph (b) of Article 72, or the CBI has presented a petition to the Tribunal under paragraph (2), sub-paragraph (a) of Article 72, a conservator shall be appointed by the CBI pursuant to paragraph (1), sub-paragraph (a) of Article 59. The provisions of Article 63 shall not apply and decisions of the CBI appointing a conservator pursuant to this article shall not be subject to review by the Financial Services Tribunal.

2. In the event that the Tribunal rejects the petition for opening bankruptcy proceedings under Article 75, the appointment of the conservator hereunder shall terminate.

Article 74 Tribunal hearing

1. Upon filing of a petition for opening bankruptcy proceedings against a bank, the Financial Services Tribunal shall summon the CBI and any other petitioner, the conservator appointed for the bank, and one or more administrators of the bank to attend a public hearing to consider the petition. In exceptional situations the Financial Services Tribunal may decide to conduct a non-public hearing. The hearing shall begin not later than two business days from the time of filing of the petition.

2. If the petition is filed by the CBI under paragraph (2), sub-paragraph (a) of Article 72, the hearing shall be concluded within one week. If the petition is filed by creditors of the bank under paragraph (2), sub-paragraph (b) of Article 72, the hearing shall be concluded within

two weeks. At the conclusion of the hearing, the Tribunal shall either reject the petition or grant the petition.

Article 75 Grounds for rejecting the petition

1. A petition for opening bankruptcy proceedings against a bank shall be rejected by the Tribunal if:

a. the petition is not accompanied by the documents required by paragraph (2) of Article 72 or otherwise does not meet the requirements of the law; or

b. the CBI opposed the petition under paragraph (2) of this article.

2. If the petition is made by creditors of the bank, the CBI may oppose the petition only if:

a. the CBI has determined that none of the statutory grounds identified in paragraphs (a), (b), or (c) of Article 71 for opening bankruptcy proceedings against the bank applies; the Tribunal may require the CBI to produce evidence supporting its determination including financial statements of the bank certified by the CBI; or

b. the CBI submits to the Tribunal a decision of the Minister of Finance in accordance with Article 67 that the stability of the banking system of Iraq requires the rehabilitation of the bank.

At its request, the CBI shall be granted two weeks in which to submit such evidence or decision, before the Tribunal rules on the petition.

Article 76 Rejection of frivolous petitions filed by bank creditors

1. At any time after the filing of a petition for opening bankruptcy proceedings against a bank by creditors of the bank, the Tribunal may reject the petition in writing, with or without a hearing, on the ground that the petition is frivolous, in which case the petitioners may be held liable for monetary damages, including costs and expenses resulting from the filing of the petition, which the Tribunal may award to the bank and to the CBI.

2. In exceptional circumstance the filing of a frivolous petition for opening bankruptcy proceedings against a bank may constitute an offense that, upon conviction in a penal court, may be punished by imprisonment for a period not exceeding 6 months or by the payment of a fine not exceeding 1 billion *dinars* or both.

3. Anyone who is determined by the Tribunal to have filed a frivolous petition for opening bankruptcy proceedings against a bank may be subject to prosecution in the penal courts in a proceeding initiated by the public prosecutor based on the request of the Tribunal.

Article 77 [Reserved]

Article 78 Bankruptcy decision

By the decision of the Tribunal to grant a petition for opening bankruptcy proceedings against a bank, the bank shall be declared bankrupt, bankruptcy proceedings opened against the bank and a receiver appointed by the Tribunal under Article 80. Upon such a decision, the CBI shall revoke the bank's license or permit pursuant to Article 13(2).

Article 79 Service and publication of bankruptcy decision

Immediately after the Tribunal has issued a decision opening, or rejecting a petition for opening, bankruptcy proceedings against a bank, the decision shall be served by the Tribunal on the CBI, the creditors filing such petition, and on the bank and the Tribunal shall arrange for publication of the decision in the Official Publication and in at least two newspapers of general circulation.

Article 80 Receiver

1. The receiver appointed by a decision of the Tribunal opening bankruptcy proceedings against a bank, or under paragraph (5) of this article with respect to any replacement receiver, shall be selected by the Tribunal from a list of candidates submitted to the Tribunal by the CBI. Only fit and proper persons are eligible to serve as receiver or replacement receiver for a bank. The bankruptcy decision shall specify the remuneration and the other terms and conditions of employment of the receiver. The remuneration and other costs and expenses incurred on account of the receiver shall be paid from the assets of the bank for which the receiver is appointed.

2. The CBI shall indemnify the receiver of a bank for all liabilities and all costs and expenses incurred by the receiver on account of the receivership to the extent that such liabilities, costs or expenses exceed the assets of the bank available to meet them.

3. Receivers shall carry out their activities under the direction and supervision of the CBI, which on the appointment of the receiver, shall provide the receiver with written directions including a list of activities which the receiver may undertake without the need for involvement of the CBI. Such directions shall include a delegation of authority to the receiver to enter into individual transactions not to exceed a stated amount for each such transaction, including, but not limited to, sales of assets, individually or by bulk sale. Although the receiver may at any time apply to the CBI for directions, the receiver shall be obligated to apply to the CBI for directions only where specifically required to do so by a provision of this Law.

4. A receiver may employ at the expense of the bank for which the receiver has been appointed such independent attorneys, accountants and consultants, on such terms and conditions, as the CBI shall approve.

5. The Tribunal shall replace the receiver immediately upon the request of the CBI:

a. upon the resignation, death or incapacity to act of the receiver;

b. in the event that the receiver does not diligently perform the receiver's tasks;

c. in the event that the receiver no longer is a fit and proper person; or

d. if for any other reason, the receiver becomes ineligible to serve in that capacity.

6. Whenever a receiver is replaced, the person replacing the receiver shall succeed to the powers of the receiver being replaced, and the books, records and remaining assets of the bank in the custody of the receiver being replaced as well as the books and records of the receivership shall be promptly transferred into the custody of that person.

7. In the performance of its duties, the receiver shall conduct the operations of the receivership in a manner which maximizes the return from the sale or disposition of the bank's assets, minimizes the amount of any losses, and provides for the fair and consistent treatment of claimants in accordance with Article 92.

Article 81 Powers of the receiver

1. Upon appointment the receiver shall become the sole legal representative of the bank, and shall succeed to all rights and powers of the shareholders of the bank relating to their shares of capital stock of the bank, the board of directors of the bank, and the authorized manager of the bank. Such rights and powers shall include holding title to the books, records, and assets of the bank; operating the bank; marshalling assets and claims; transferring or disposing of assets; and taking any other action necessary to the effective liquidation of the bank.

2. Claims against the bank shall be served on the receiver for the bank.

Article 82 Effect of bankruptcy decision

1. The decision of the Tribunal opening bankruptcy proceedings against a bank shall take effect at the time that the decision is taken.

2. Immediately upon the decision referred to in paragraph (1) above taking effect, the bank shall cease to take deposits from the public.

3. Acts performed by or on behalf of the bank after the bankruptcy decision takes effect shall be legally void and unenforceable, except for acts performed by or under authority of the receiver for the bank and acts deemed beneficial to the estate of the bank by the receiver and ratified by the receiver.

4. As a result of the bankruptcy decision, all current court proceedings against the bank are stayed and no court proceeding against the bank shall commence after the bankruptcy decision takes effect.

5. As a result of the bankruptcy decision, all attachments or liens in aid of execution in favor of the bank's creditors or other restraints on the bank's assets shall be deemed removed by operation of law. Attachments placed and acts of execution performed after the bankruptcy decision takes effect shall be void, except for execution in accordance with the provisions of Article 91 of assets encumbered by a mortgage or lien to the extent of the debt secured by such encumbrance.

6. Neither interest nor any other charge shall accrue on liabilities of a bankrupt bank after the bankruptcy decision takes effect.

7. Transfers of shares of a bankrupt bank made after the bankruptcy decision takes effect, except for transfers made with the prior consent of the CBI, shall be void.

8. All legal acts of the bank that are taken within 60 business days before the date of the CBI's decision appointing a conservator for the bank shall upon application of the receiver be declared null and void by the CBI if the bank and its counterparty in the act knew or should have known at the time of the act that the act would damage the interests of creditors of the bank. Such knowledge shall be presumed whenever the act consists of:

a. a gift or other transfer without consideration to any person;

b. a payment or transfer to an owner, administrator or employee of the bank, unless such owner, administrator or employee shows to the satisfaction of the Tribunal that the payment or transfer concerned his or her employment by the bank or concerned an account maintained with the bank, or that he did not know that the payment or transfer would damage interests of creditors of the bank;

c. a payment or transfer before its due date or the transfer of collateral for a debt before the due date of the debt;

d. the conclusion or performance of a contract imposing obligations on the bank that are significantly more onerous than the obligations imposed on the other party or parties to the contract;

e. an arrangement between the bank and one or more others, other than an eligible financial contract defined in Article 88, permitting an offset between rights and obligations of the bank that without such arrangement would not have been permissible before the time of the bankruptcy decision; or

f. interbank transfers between a domestic branch of a foreign bank and such foreign bank or its branches or subsidiaries abroad.

Article 83 Finality in payment and securities settlement systems

1. Irrevocable money and securities transfer orders entered by a bank into a payment or securities settlement system recognized as such by the CBI shall be legally enforceable and binding on third parties, even in the event of a decision of the Financial Services Tribunal opening bankruptcy proceedings against the bank, but only if the transfer orders become irrevocable before the bankruptcy decision takes effect.

2. Where a bank enters irrevocable money or securities transfer orders into a payment or securities settlement system recognized as such by the CBI after the Tribunal's decision opening bankruptcy proceedings against the bank takes effect and the transfer orders are carried out on the date of the Tribunal decision, the transfer orders shall be legally enforceable and binding on third parties, unless the receiver proves that the system operator was ware of the bankruptcy decision before the transfer orders became irrevocable.

3. Netting agreements of a payment or securities settlement system recognized as such by the CBI shall be enforceable notwithstanding the Tribunal's decision opening bankruptcy proceedings against its participant.

4. For the purposes of this article:

a. a transfer order entered into a money or securities settlement system becomes irrevocable at the time defined by the rules of that system; and

b. "netting" means the conversion into one net claim or one net obligation of claims and obligations resulting from transfer orders which a participant or participants in a settlement system either issue to, or receive from, one or more other participants in that system with the result that only a net claim or a net obligation remains.

5. Nothing in this article limits the receiver's powers under paragraph (8) of Article 82 of this Law.

Article 84 Transfers of bank shares, bank assets and liabilities

1. In the interests of preserving the soundness of the banking system and to maximize the value of a bank for its creditors, in the event that the receiver, with the concurrence of the CBI, determines that engaging in a transaction or series of transactions set forth in sub-paragraphs (a) or (b) of this paragraph is necessary, the receiver shall apply to the Tribunal for approval to:

a. transfer all or substantially all of the shares in capital stock of the bank; or

b. transfer all or substantially all of the assets of the bank or all or substantially all of the liabilities of the bank, or both;

provided, however, that the approval of the Tribunal shall not be necessary for transactions other than those referred to in sub-paragraphs (a) and (b) above.

2. The Tribunal shall render a decision approving or disapproving the application of the receiver referred to in paragraph (1) above within three business days of receipt of such application.

3. A transaction pursuant to paragraph (1) may be requested and authorized at any time after the filing of a petition for opening bankruptcy proceedings against the bank until the bank has been liquidated.

3. A transfer of liabilities under paragraph (1), sub-paragraph (b) shall become effective for all interested parties at the beginning of the day following the day of publication of a notice of the transfer in the Official Publication.

Article 85 Property report

1. Within two weeks from the date of the Tribunal decision opening bankruptcy proceedings against a bank, the receiver shall submit to the CBI a property report listing:

a. the assets of the bank, including claims of the bank on account of unpaid subscriptions of capital stock of the bank, loan and guarantee agreements, and agreements of purchase or sale, as well as the book values and estimated liquidation values of the assets;

b. the contracts pursuant to which property of the bank is held by other parties, including rental, lease and collateral agreements;

c. the contracts pursuant to which the bank receives services; and

d. the significant transactions entered into by the bank during the period of 60 business days immediately preceding the date of the bankruptcy decision.

2. The report shall be updated quarterly and shall be made available at the CBI for inspection by the creditors of the bank whose claims are included on the list of approved claims prepared pursuant to Article 87.

Article 86 Registration of claims

1. Except as provided in paragraphs (1) and (2) of Article 87, claims on a bankrupt bank shall be registered with the receiver in writing within 60 business days from the date that the Tribunal decision opening bankruptcy proceedings against the bank is published in the *Official Gazette*; at the request of three or more creditors submitted to the Tribunal at least ten days prior to the expiration of the period referred to in this paragraph, the Tribunal may once extend this term for all creditors by 20 business days on grounds of equity.

2. Claims shall be registered together with documentary evidence of the claim and the following information:

a. the name and address of the creditor;

b. the amounts of interest and other charges, penalties and taxes included in the principal amount of the claim; and

c. details concerning any mortgage, lien or guarantee securing the claim, including the name and address of any guarantor.

3. The decision of the Tribunal opening bankruptcy proceedings against a bank suspends the authority of depositors to access their deposits recorded in the books or records of the bank.

4. Creditors shall be given a registration receipt by the receiver on the registering of a claim, which receipt shall be conclusive evidence of registration.

Article 87 Admission of claims

1. Only claims that are registered in accordance with Article 86 may be admitted by the receiver, except that claims on account of deposits recorded in the books or records of the bank shall be admitted for the amounts so recorded without requiring registration.

2. Registered claims recorded in the books or records of the bank shall be admitted by the receiver as recorded without further proof, except that claims registered for an amount that is less than the amount recorded by the bank shall be admitted only for the lesser amount.

3. Creditors of the bank with claims secured by a mortgage or lien resting on assets of the bank may register their claims for the amount by which the amount of the claim exceeds the expected sales value of the asset in a public auction or the market value as determined by an independent appraiser. Any claim so registered shall not be admitted until the auction has taken place or title to the asset has been otherwise transferred pursuant to Article 91.

4. Claims whose value is uncertain may be admitted for a value estimated by the receiver.

5. After examining the registered claims, the receiver shall record the claims admitted by the receiver on a list of admitted claims and the claims contested by the receiver on a list of contested claims specifying the reasons for the opposition. Registered claims contested in part shall be recorded on both lists for the admitted part and the contested part respectively. Both lists shall for each claimant specify name and address, the amounts of the claims, and whether the claims are secured by collateral; claims of equal ranking shall be listed together, in the order of their priority of payment.

6. Both lists shall be completed and submitted to the Tribunal for approval within 30 business days from the deadline for registration of claims. Thereafter, the receiver shall submit quarterly updated lists to the Tribunal for approval. Before approving the lists, the Tribunal may move claims from one list to the other in consultation with the receiver. The Tribunal may specify the evidence required for the approval of contested claims.

7. The Tribunal shall set dates for hearings where creditors whose claims are contested may submit evidence to prove their claims to the receiver and the Tribunal, provided that such hearings shall be held not later than 40 business days after the date on which the list of contested claims is submitted to the Tribunal. Creditors shall be notified of the date of each hearing by mail and by notice placed by the receiver in the Official Publication. No creditor need be notified of a hearing by mail more than once for the same claim. Following the hearing, the Tribunal shall decide whether the contested claims shall be approved or rejected. Claims for which the creditor fails to appear at the hearing of which the creditor has been notified by mail shall be regarded as rejected. Creditors whose claims have been rejected shall be notified by the receiver in writing.

8. The approval by the Tribunal of claims shall be final. Claims approved by the Tribunal shall be removed from the list of admitted claims or the list of contested claims and be recorded on a list of approved claims kept by the Tribunal and the receiver. Creditors whose claims have been approved by the Tribunal shall be notified by the receiver in writing.

9. No payment shall be made by the receiver on account of claims that are rejected by the Tribunal. The creditor whose claim has been rejected by the Tribunal may appeal the decision of the Tribunal to the appropriate appellate court within two weeks after the date of receipt of notice of the decision.

Article 88 Set off and netting

1. Except as otherwise stated in this article, nothing in this Law and no decision made under this Law shall prevent or prohibit the set off by operation of law of obligations between a bankrupt bank and its contractual counterparties.

2. In determining the rights and obligations between a bankrupt bank and its contractual counterparties, effect shall be given to the termination provisions of eligible financial contracts between them. The net termination value determined in accordance with an eligible financial contract between them shall be a claim of the bank on the counterparty or shall be admitted after its registration as a claim of the counterparty on the bank. In this paragraph (2), “eligible financial contract” means any of the following agreements:

a. a currency or interest rate swap agreement;

b. a basis swap agreement;

c. a spot, future, forward or other foreign exchange agreement;

d. an agreement providing for a cap, collar or floor transaction;

e. a commodity swap agreement;

f. a forward rate agreement;

g. a repurchase or reverse repurchase agreement;

h. a spot, future, forward or other commodity agreement;

i. an agreement to buy, sell, borrow or lend securities, to clear or settle securities transactions or to act as a depository for securities;

j. any derivative, combination or option in respect of, or agreement similar to, an agreement referred to in sub-paragraphs (a) to (i);

k. any master agreement in respect to an agreement referred to in sub-paragraphs (a) to (j);

l. any master agreement in respect of a master agreement referred to in sub-paragraph (k);

m. a guarantee of the liabilities under an agreement referred to in sub-paragraphs (a) to (l); and

n. any agreement of a kind prescribed by regulation of the CBI;

and "net termination value" means the net amount obtained after setting off the mutual obligations between the parties to an eligible financial contract in accordance with its provisions.

3. Except as provided by Article 83, no set off shall be allowed with respect to claims acquired and debts assumed with respect to a bank after the Tribunal decision opening bankruptcy proceedings against the bank takes effect or with respect to claims acquired and debt assumed in bad faith before that decision takes effect.

Article 89 Termination of current contracts

1. All current contracts or portions of contracts of a bankrupt bank may be terminated unilaterally by the receiver within a reasonable time after the petition for opening bankruptcy proceedings has been granted not to exceed 60 business days . . .

2. Subject to Article 88 of this Law, the receiver may enforce any contract of the bank notwithstanding any provision of the contract providing for termination, default, acceleration, or exercise of rights upon, or solely by reason of, insolvency or the appointment of a conservator or receiver.

Article 90 Negotiated settlements

With the prior approval of the CBI, the receiver for a bank may enter into and carry out negotiated settlements of claims with any creditor and debtor of the bank. No such settlement shall be subject to opposition, review or appeal.

Article 91 Secured claims

1. Assets securing an approved claim of a creditor against the bank shall be sold in a commercially reasonable manner and the secured creditor shall be deemed repaid in full to the extent that proceeds of the sale provide sufficient funds to cover the approved claim. If proceeds of the sale exceed the approved value of a claim, any such excess funds shall be remitted to the receiver for inclusion in the assets of the bank available for distribution to other creditors as provided in paragraph (1) of Article 92. If the proceeds of the sale are insufficient to satisfy the approved value of a claim in full, the balance shall be treated as an unsecured claim of the creditor against the bank pursuant to paragraph (1), sub-paragraph (f) of Article 92.

2. In the case of secured claims of the bank against other persons, if the claim is due on demand or is mature, or if the maturity of the claim can be accelerated, the assets securing the bank's claim shall be placed at the disposal of the receiver promptly upon the receiver's request. The assets shall be sold in a commercially reasonable manner and the bank shall be deemed repaid in full to the extent that the proceeds of the sale generate sufficient funds to cover the claim. If proceeds of the sale exceed the value of the bank's claim, any such excess funds shall be remitted to the owner of the assets. If the proceeds of the sale are insufficient to satisfy the value of the bank's claim in full, the receiver may proceed against the obligor to recover the deficiency. Secured claims of the bank against other persons that are not yet mature where the maturity cannot be accelerated under the terms of any applicable agreement may be sold by the receiver without the consent of such other persons.

3. Assets shall be deemed to have been sold in a commercially reasonable manner when they are disposed of as follows:

a. securities, foreign currencies and other assets that can be readily sold at market sold in the markets where they are traded; and

b. sold at public auction, provided that if the receiver determines that no reasonable price can be obtained for assets in a public auction, the CBI may authorize the receiver to sell the assets privately at a price approved by the CBI.

4. Any dispute between the receiver and a secured creditor as to the value of an asset securing a claim shall be resolved by the CBI unless the asset is sold at market or at public auction, in which event the sales price at market or at public auction shall be conclusive as to the value of the asset.

5. Notwithstanding paragraph (1) above, with respect to assets other than those set forth in paragraph 3, sub-paragraph (a), the receiver may satisfy the claim of any secured creditor by payment to such creditor without the need for a public auction. In such event, the receiver may rely on an appraisal of an independent third party of the assets in question.

Article 92 Priority of payments

1. The assets of a bankrupt bank shall be distributed among its creditors in the following order of priority:

a. claims with regard to deposits that are not in the form of debt securities up to a maximum amount of 5 million *dinars* per depositor;

b. all costs and expenses on account of the administration of the bankruptcy or the conservatorship including the costs of additional or new financing, goods or services provided after the bank is placed under the control of the conservator or receiver;

c. liabilities of the bank on account of conservatorship and rehabilitation;

d. state and local taxes and state social security premiums due over a period of not more than one year preceding the date of the bankruptcy decision;

e. salary payments to employees of the bank, excluding any remuneration of members of the board of directors, as accrued to the date of the decision to open bankruptcy proceedings;

f. any claims of depositors not paid under sub-paragraph (a) together with claims of unsecured creditors; and

g. any claims relating to subordinated debt.

2. Remaining assets shall be transferred to the owners of the bank pro rata to their respective ownership shares.

Article 93 Liquidation plan

1. Within 60 business days from the date of the decision of the Tribunal opening bankruptcy proceedings against a bank, the receiver shall prepare and submit to the CBI for its approval a detailed liquidation plan for the bank. The plan shall include:

a. a current pro forma balance sheet showing the assets and liabilities of the bank valued at their estimated liquidation value and a pro forma balance sheet of the expected assets and liabilities of the bank at a date about three months later; the balance sheets shall show liabilities as admitted claims of creditors as well as approved claims and contested claims of creditors;

b. quarterly statements of past and projected income and expenses of the bank;

c. a progress report on the sale and on plans for the sale of major assets or groups of assets of the bank;

d. a report on the judicial or extrajudicial pursuit of claims of the bank, including court action to obtain annulment of fraudulent agreements and the transfers made and rights created by them;

e. a report on illegal activities of administrators of the bank and actions to obtain compensation for the bank;

f. a report on the continuation or termination of ongoing contracts, such as insurance, employment and service contracts of the bank, including a detailed analysis of financial provisions for bank employees;

g. a report on the liabilities of the bank and a schedule of expected payments to creditors of the bank during the next quarter; and

h. a report on the costs and expenses of the receivership as of the date of the liquidation plan, and an estimate of future costs and expenses.

2. The liquidation plan shall be updated quarterly. After its approval by the CBI, the liquidation plan shall be available for inspection by the creditors of the bank whose claims are included on the list of approved claims prepared pursuant to Article 87.

Article 94 [Reserved]

Article 95 No compromise with creditors

Subject to the provisions of Article 90, there shall be no compromise or other arrangement with groups of creditors concerning a bankrupt bank.

Article 96 General meeting and committee of creditors

1. There shall be no general meeting of creditors concerning the liquidation of a bankrupt bank unless, at the request of the receiver, the CBI decides that such meeting is desirable to achieve an efficient liquidation of the bank.

2. There shall be no committee of creditors concerning the liquidation of a bankrupt bank unless, at the request of the receiver, the CBI decides that such committee is desirable to represent and protect significant interests of one or more classes or groups of creditors.

3. The CBI decisions authorizing a general meeting of creditors or a committee of creditors shall specify the tasks of the meeting or the committee and the scope of its activities.

Article 97 Immediate advances to depositors

Claims on account of demand deposits with a bankrupt bank that are not in the form of debt securities may be paid in advance of any other distribution to unsecured creditors up to a maximum amount of 5 million *dinars* per depositor.

Article 98 Distribution of payments

1. Subject to Article 92, approved claims shall be ranked and combined according to their priority of payment and recorded in a distribution schedule. Except for the provisions of Article 97, the amounts to be paid on claims of the same class shall be determined on the basis of the same percentage applied to the amount of available funds.

2. At any time, and consistent with Article 92, the receiver may propose and the CBI may approve a distribution schedule of payments to be made to creditors of the bank with approved claims.

3. Immediately after the approval of a distribution schedule by the CBI, the receiver shall make the payments listed in that distribution schedule. Amounts included in a distribution schedule that cannot be paid because the creditors cannot be identified or contacted shall be deposited in an account with the CBI. The receiver shall publish a notice in the Official Publication and two newspapers of general circulation inviting these creditors by name to come forward. The amounts so deposited shall remain available for payment to the creditors or their successors until the statute of limitations for the claims has run out, in which case the unpaid amounts shall be transferred to the State Treasury.

Article 99 Bankruptcy proceedings concerning branch or representative office

1. Bankruptcy proceedings may be opened against a domestic branch office or a domestic representative office of a foreign bank:

a. if any of the grounds listed in Article 71 applies to such office as if it were a separate legal entity; or

b. at the petition of the CBI, if bankruptcy proceedings have been opened against the foreign bank in the country where its head office is located or where it principally carries on business.

2. The provisions of this section shall apply to the domestic branch offices and domestic representative offices of a foreign bank as if all these offices together were to form a single legal entity. All assets, liabilities, acts and omissions of the foreign bank resulting from or otherwise relating to the business of any such office shall be attributed to that single entity in applying the provisions of this article. The receiver shall be authorized to take all actions with respect to such single entity as could be taken, were it to be a domestic bank, by the authorized manager or shareholders at the general meeting of shareholders.

3. At the time that the decision of the Tribunal opening bankruptcy proceedings against a domestic branch office or a domestic representative office of a foreign bank is served on that office, the foreign bank shall cease all banking activities in Iraq, except for banking activities carried out by or with the prior written authorization of the receiver appointed for that office.

4. In its application in bankruptcy proceedings opened against an office of a foreign bank, Article 88 only applies to the set off and netting of obligations resulting from or otherwise relating to the business of the foreign bank in Iraq.

5. Bankruptcy proceedings in Iraq opened against an office of a foreign bank shall not limit the rights of creditors of the foreign bank to pursue foreign assets of that bank in satisfaction of their claims.

Article 100 Cross border bank insolvency

1. In order to promote equal access of domestic and foreign creditors to a universal pool of assets of a bankrupt bank with cross border activities:

a. if a bankrupt domestic bank has branch offices or representative offices in a foreign country, the CBI shall cooperate as much as possible with the authorities of that country;

b. if a creditor of a bankrupt domestic bank has received partial payment on its claims in a foreign country, the balance of its claims may be presented for payment together with costs incurred in the proceeding in Iraq;

c. the Financial Services Tribunal shall decide to what extent foreign bankruptcy decisions, conservation measures and bank rehabilitation measures concerning foreign banks should be recognized with respect to their domestic branch offices and representative offices; and

d. if a foreign bank is in liquidation in the country in which its head office is located or where it principally carries on business, the Tribunal may at the request of the CBI authorize the transfer to the liquidator in that country of such assets of the foreign bank as the CBI shall deem advisable and in the interest of the creditors of that bank.

2. A receiver or conservator for any bank shall be the sole representative of such bank, its branches, offices, and subsidiaries, wherever situated, and may take such action in the courts of Iraq or other jurisdictions, as may be necessary or appropriate to carry out the provisions of this Law.

Article 101 Consultations between the Financial Services Tribunal and CBI

Before taking any decision affecting a bank declared bankrupt, the Tribunal shall inform the CBI of its proposed decision and afford the CBI a reasonable opportunity to give its advice to the Tribunal concerning the proposed decision. In making its decision, the Tribunal shall take

account of the advice of the CBI. In the event that the Tribunal rejects all or part of the advice of the CBI, the decision shall describe the advice so rejected and give the grounds for the rejection.

Article 102 Termination of bankruptcy proceedings

1. Upon termination of the receiver's tasks, the receiver shall be discharged by decision of the Tribunal, but not before the receiver has prepared and submitted to the Tribunal a report of the receivership. The decision of discharge by the Tribunal shall direct where the books and records of the bank and the receivership shall be deposited.

2. The bankruptcy proceedings against a bank shall be terminated by decision of the Tribunal when all assets of the bank have been liquidated and the proceeds paid to the creditors of the bank or deposited with the CBI to remain available for payment to creditors of the bank pursuant to paragraph (3) of Article 98.

3. The decision of the Tribunal terminating bankruptcy proceedings against a bank shall be published by the Tribunal in the Official Publication.

Section 15 – Final Provisions

Article 103 Applicability of certain laws

The provisions of the Public Companies Law or any other law that may replace either of the aforesaid two laws shall apply to banks to the extent that these provisions do not conflict with the provisions of this Law and the Central Bank of Iraq Law and regulations and orders issued there under.

Article 104 Regulations

1. The CBI shall have the power to issue regulations, orders, guidance, and information to facilitate the implementation of this Law. Regulations, and any subsequent amendments thereof, shall be published in the Official Publication.

2. If the CBI proposes to issue a regulation pursuant to this Law, it shall publish a draft of the proposed text of the regulation in a form and in a manner determined by it to be best calculated to bring the proposed regulation to the attention of the domestic banking industry and the general public. The draft shall be accompanied by an explanation of the purpose of the proposed regulation and a request for comments within a specified time of not less than one month after the date of publication of the draft. The CBI shall have regard to any comment received and issue the final text of the regulation accompanied by an account in general terms of the comments. This procedure shall not apply if the delay involved would be a serious threat to the interests of the banking system, provided that such decision by the CBI shall be explained in the preamble to the regulation.

Article 105 Judicial review

1. Final orders and decisions of the CBI under this Law shall be subject to review in a court of law only as stipulated in this Law.

2. Any aggrieved party may, within 30 days following the date of receipt of the order or decision, or within such shorter period of time as is specified in this Law, appeal any final order or decision of the CBI:

a. rejecting the application for a license or permit under paragraph (8) of Article 8;

b. revoking the license or permit under Article 13; or

c. imposing any measure or administrative penalty pursuant to paragraph (2) of Article 56

to the Tribunal, which must decide the appeal pursuant to the Central Bank of Iraq Law, provided that the filing of an appeal does not automatically result in a suspension of the revocation or any measures or administrative penalties imposed by the CBI.]

3. Tribunal decisions may be appealed for judicial review only as provided for in the Central Bank of Iraq Law.

4. Notwithstanding paragraph (2) above, in any case brought under Articles 59 through 102 of this Law, the Tribunal, or other appropriate court may award monetary damages, but shall not suspend, enjoin, terminate or bar any act of a conservator, receiver, the CBI or the State, except with respect to a decision by the Tribunal regarding the removal of a conservator under Article 63.

Article 106 Transitional provisions

1. The Post Office shall be exempted from the application of this Law through December 31, 2005.

2. Every bank that, on the date that this Law enters into effect, carries a banking license or permit issued by the CBI may continue to operate as a bank and shall be subject to the provisions of this Law.

3. Every bank that, on the date that this Law enters into effect, carries a banking license or permit shall provide the CBI with a list of shareholders as described in paragraph (2), sub-paragraph (e) of Article 5, and for each owner of a qualifying holding, including the ultimate beneficial owner of such qualifying holding, the information and an affidavit as described in paragraph (2), sub-paragraphs (d), (f) and (j) of Article 5, and such other information on their owners, in particular owners of a qualifying holding, as requested by the CBI, within one year of the law’s entry into force.

4. The capital requirements set out in paragraph (1) of Article 14 and paragraph (1) of Article 16 shall not apply through December 31, 2005 for every bank that, on the date that this Law enters into effect, carries a banking license or permit issued by the CBI and which has obtained the CBI's approval of a plan and timetable detailing the proposed increase of its capital by December 31, 2005.

5. The prohibition established in paragraph (1), sub-paragraph (b) of Article 30 shall not apply through December 31, 2005, provided that banks may not increase the aggregate outstanding principal amount of any such single large credit exposure to exceed the limit of 25 percent of the bank's unimpaired capital and reserves over that time period.

6. Through December 31, 2004, banks are prohibited from engaging in active trading in equities for their own account and shall not acquire stocks, shares, or equity-linked bonds by means of purchase without the CBI's prior approval.

7. Notwithstanding the limit established in paragraph (3) of Article 60, through December 31, 2005, the term of appointment of a conservator may be extended for two further periods of up to 18 months each, provided that such appointment shall extend through June 30, 2007 at the latest.

8. Through December 31, 2004, the provisions of section 7 shall not apply to banks that are solely owned by the State, provided they are subject to a government audit by the Board of Supreme Audit.

Article 107 Relationships to other provisions of the laws of Iraq

1. Provisions in the Law of Companies that limit the percent of participation in companies is not applicable to shareholdings in banks.

2. In case of inconsistency with a provision of any other law of Iraq, this Law shall prevail.

Article 108 Entry into force

This law shall enter into force on the same date that the Order authorizing this law enters into force. Thereafter, this law shall be published in the Official Publication.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 95

FINANCIAL MANAGEMENT LAW AND PUBLIC DEBT LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511(2003),

Having worked closely with the Governing Council to ensure that economic change occurs in a manner acceptable to the people of Iraq,

Acknowledging the Governing Council's desire to bring about significant change to the Iraqi economic system,

Determined to improve the conditions of life, and opportunities for all Iraqis and to fight unemployment with its associated deleterious effect on public security through stable financial markets,

Recognizing that Iraq needs laws concerning the issuance and payment of public debt to assist in financing the Government and to promote confidence in the country's economic system,

Further recognizing the CPA's obligation to provide for the effective administration of Iraq,

Recalling that U.N. Security Council Resolution 1483 (2003) called upon the CPA to promote economic reconstruction and the conditions for sustainable development,

Acting in a manner consistent with the Report of the Secretary General to the Security Council of July 17, 2003, concerning the need for the development of Iraq and the need to enact institutional and legal reforms to give it effect,

I hereby promulgate the following:

Section 1
Purpose

1) This Order promulgates the Financial Management Law, which establishes a comprehensive framework for the conduct of fiscal and budgetary policy in line with international best practices, by setting a structured process for

the formulation of the federal budget and a number of reporting requirements aimed at increasing the accountability and transparency of the budgeting process.

2) This Order promulgates the Public Debt Law, which authorizes the Ministry of Finance to issue and pay debt securities guaranteed by the Government, and establishes certain related authorities and duties, for the purposes of financing Government operations and promoting a stable Iraqi economy.

Section 2
Financial Management Law

The Financial Management Law attached to this Order as Annex A shall have the full force and effect of law.

Section 3
Public Debt Law

The Public Debt Law attached to this Order as Annex B shall have the full force and effect of law.

Section 4
General Provisions

1) Prior to the transfer of governance authority to the Iraqi Interim Government in accordance with Article (2)(B)(1) of the Law of the Administration for the State of Iraq for the Transitional Period, the powers and responsibilities assigned to the Prime Minister and Council of Ministers by the Financial Management Law and the Public Debt Law shall be exercised by the Administrator.

2) Until such time as the Iraqi Interim Government assumes full governance authority in accordance with Article (2)(B)(1) of the Law of the Administration for the State of Iraq for the Transitional Period, the Ministry of Finance is prohibited from issuing new debt securities if the issuance of such securities would increase the total level of Iraq's public debt, including obligations to the Central Bank, beyond the current level of such debt**.**

3) Notwithstanding any provision of the Financial Management Law to the contrary, spending units shall submit requests for allocation of funds for the budget for fiscal year 2005 to the Ministry of Finance not later than 15 June 2004.

Section 5
Inconsistent Legislation

Any provision of Iraqi law that was enacted prior to the effective date of this Order, Annex A, or Annex B is hereby suspended to the extent of such inconsistency.

Section 6
Entry into Force

This Order shall enter into force on the date of signature



L. Paul Bremer, Administrator
Coalition Provisional Authority

ANNEX A

IRAQ

FINANCIAL MANAGEMENT LAW OF 2004

Section 1
Purpose

This Law shall regulate the arrangements governing the preparation, adoption, recording, management, execution, and reporting of the federal budget of Iraq and related issues including public borrowing and guarantees, internal control, accounting, and auditing. The principles of transparency, comprehensiveness, and unity shall be of fundamental importance in the preparation and execution of the federal budget of Iraq, and in related issues.

The principle of transparency requires that budget information be classified according to accepted international standards and presented in a way that facilitates policy analysis and promotes accountability.

The principle of comprehensiveness requires that the budget cover all government agencies and institutions undertaking government operations, so that the budget presents a consolidated and complete view of these operations and is voted on, as a whole, by the body vested with national legislative authority.

The principle of *unity* requires that all government resources be directed to a common pool to be allocated and used for public expenditure according to the priorities of the government.

Section 2
Definitions for the Purposes of this Law

1) "*Budget appropriation"* is the legal authorization given to the government to spend public money over the fiscal year for specified purposes.

2) "*Authorized person"* is a person delegated authority in writing by the Minister of Finance to manage public money.

3) "*Borrowings"* are funds received in return for a legally binding agreement to repay.

4) "*Budget*" is a financial program based on annual estimates of government cash receipts and payments, transfers, and transactions in kind.

5) "*Budget executor"* is an authorized person, or person delegated authority by the budget executor, responsible for the execution of the budget.

6) "*Capital expenditures*" are the use of funds to acquire or upgrade capital assets, such as buildings, structures, machinery, and equipment, and financial assets.

7) "*Cash payments"* are any monetary transactions resulting in a reduction in the balance of a bank account or cash balance.

8) "*Chart of accounts"* is a structured list of accounting codes used to classify and record budget revenue and expenditure transactions.

9) "*Commitment"* is an undertaking to make an expenditure following the conclusion of a binding agreement that will result in a payment.

10) "*Contingency reserves"* are funds allocated to the Ministry of Finance in the annual budget law or supplementary budget laws for the purpose of making expenditures that are urgent and unforeseen at the time of passage of the annual budget law.

11) "*Council of Ministers"* is the Council of Ministers described in the Law of Administration for the State of Iraq for the Transitional Period (the "Transitional Administration Law" or "TAL").

12) "*Current expenditures"* are expenditures which are not capital expenditures, such as salaries, supplies, services, and fuel.

13) "*Economic classification"* is a systematic arrangement of budget revenue and expenditure items by type for the purposes of financial statistical reporting and analysis.

14) "*Financial assets*" include foreign or domestic cash, deposits, loans, bonds, financial derivatives, accounts receivable, other types of claims, monetary gold, special drawing rights (SDRs), treasury bills, and shares.

15) "*Fiscal year"* is the general government's accounting period, which begins on January 1st and ends on December 31st.

16) "*Federal budget"* is the estimate of the total annual receipts and payments as approved by the Federal Government.

17) "*Federal government"* is the Iraqi Interim Government, the Iraqi Transitional Government, or the Government to be elected pursuant to a permanent constitution, as set forth in Article 61 of the Law of Administration for the State of Iraq for the Transitional Period (the "Transitional Administration Law" or "TAL").

18) "*Federal government bank account"* is a bank account for the receipt, payment, or transfer of public money belonging to the federal government.

19) "*Functional classification system*" means the array of budget authority, expenditures, and other budget data according to the major purpose served—for example, agriculture, national defense, and transportation.

20) *"General government"* comprises all government units primarily engaged in non-market operations, including the federal government, regional governments, governorates, municipal and local governments.

21) "*Government debt securities"* are debt securities issued by the Ministry of Finance, including debt securities lawfully issued prior to the effective date of the Public Debt Law promulgated in 2004.

22) *"Governorates' budgets"* are the estimates of annual receipts and payments of the governorates.

23) *"Governorate Councils"* are the Governorate Councils described in Section 2 of CPA Order Number 71, Local Governmental Powers (the "Local Governmental Powers Law").

24) *"Line items*" are the payments specifically itemized in the budget law.

25) *"In kind"* means a transfer or exchange in which payment takes the form of tangible property, intangible property, or services rather than cash.

26) "*Liability*" is a present obligation arising from past events, the settlement of which is expected to result in a future payment in cash or in kind.

27) *"Outlay"* means a payment to liquidate an obligation other than borrowing.

28) *"Payment arrears"* arise when a payment is not made by its due-for-payment date.

29) *"Petroleum"* means hydrocarbons, including, but not limited to, crude oil, natural gas, and natural gas liquids and refined petroleum products.

30) *"Petroleum revenue account"* means the Development Fund for Iraq (DFI) account as described in United Nations Security Council Resolution 1483 (2003) or any successor account to the DFI.

31) *"Public money"* means cash and bank deposits within the custody and control of the federal government.

32) "*Public corporations"* are -

(1) State companies, as defined in Law Number 22 of 1997 on State Companies; and

(2) any other juridical person or unit that is owned or controlled by the federal government, and produces goods or services for the market and, in the case of a unit which is not a juridical person, functions independently and is capable of maintaining separate accounting.

33) *"Special budgetary funds"* are special funds whose sources, uses, and purposes are established by law.

34) *"Spending units"* are the ministries of the federal government and the administrative bodies of the federal and regional governments, governorates, and municipal and local governments, to which funding is allocated in the annual budget law.

35) *"Reallocate,"* in relation to a budget appropriation, means to move budgetary resources from one budget account, unit, or line item to another.

36) *"Transfers"* are the provision of goods and services, assets (including financial assets), or labor that do not require the recipient to provide a good, service, payment, or payment-in-kind in return.

37) *"Treasury Consolidated Account"* is a system managed by the Ministry of Finance for consolidating the balances of the cash accounts of the federal government for the purpose of efficient cash management.

38) *"Treasury general ledger"* is a system, based on double entry principles, of accounting for, executing, and reporting the budget.

39) *"Treasury Single Account"* is a bank account, or a set of linked bank accounts, of the government through which all government receipts and payments are channeled. It is controlled by the Ministry of Finance and is maintained at the Central Bank.

40) *"Government"* is the public authorities and agencies of Iraq, which are entities established through political processes, and that exercise legislative, judicial or executive authority within the territory of Iraq. Government does not include public corporations.

41) *"Government debt"* consists of all liabilities of the government that require payment or payments of interest and/or principal by the borrower to the lender at a date or dates in the future.

42) *"Petroleum revenue"* is petroleum export revenue, non-tax revenue earned from the sale of petroleum to domestic buyers (collectively, petroleum non-tax revenue), and tax revenue levied on petroleum (petroleum tax revenue).

43) *"Petroleum export revenue"* is non-tax revenue earned from the sale of petroleum to foreign buyers.

44) "*Publicly available"* means that information is available for ready access by any member of the public. This includes, but is not limited to, publication in the *Official Gazette*, on an unrestricted website, or in widely available public newspapers.

Section 3
Exercise and Delegation of Authority

1) The Minister of Finance may issue regulations, instructions, guidelines or directions as necessary to give effect to and implement this Law.

2) The Minister of Finance may delegate to officials within the Ministry of Finance who are authorized persons those authorities that are conferred upon him under this Order, except the authority to waive the right of the federal government to collect amounts owing, to submit the draft annual federal budget to the Council of Ministers, and to sign borrowing and guarantee contracts of the federal government.

Section 4
General Provisions

1) The budget is adopted for the fiscal year and shall be valid during the year for which it is passed. Unspent appropriations will lapse at the end of the fiscal year for which they have been approved, except to the extent that goods and services have been validly ordered and received.

2) The draft annual budget law will be determined by the Council of Ministers and will be submitted by the Minister of Finance by October 10th to the body vested with national legislative authority for approval or adjustment pursuant to Article 33(C) of the TAL.

3) Pursuant to Article 25 of the TAL, the federal government has exclusive competence in drawing up the federal budget of Iraq. The Governorate Council, pursuant to Section 2 of the Local Governmental Powers Law, possesses the limited amendment authority to amend the budget plan of a ministry with regard to a specific project. Individual governorates' budgets for the fiscal year shall be passed by the Governorate Councils. Individual regions' budgets for the fiscal year shall be passed by the regional governments.

4) The annual federal budget shall comprise:
 a) the receipts and payments in cash or in kind of all government ministries, organizations, and agencies of the federal government; and

 b) transfers, including to regional governments, governorates, and municipal and local governments, including special budgetary funds.

5) The source of all receipts shall be specifically identified in the budget. All payments for the budget year and commitments for future years shall be disclosed in the budget, and the nature and duration of these commitments shall be limited as specified in the annual budget laws.

6) The difference between receipts (excluding borrowings) and payments (excluding repayments of debt principal) is the budget surplus (if positive) or the budget deficit (if negative).

7) Receipts consist of:

 a) Tax revenues:
 1. Petroleum tax revenues;

 2. Non-petroleum tax revenues;

 b) Non-tax revenues:
 1. Petroleum non-tax revenues;

 2. Non-petroleum non-tax revenues;
 1) Social security contributions;
 2) External grants;
 3) Others;

 c) Domestic and external borrowing;

 d) Repayment of government lending;

 e) Proceeds from asset transfers;

 f) Transfers of surplus profits from the Central Bank of Iraq in accordance with the relevant provisions of the Central Bank Law;

 g) Transfers from public corporations;

 h) Transfers from regional governments, governorates, and municipal and local governments, including special budgetary funds.

8) Payments consist of:

 a) Current expenditures, including for salaries and other allowances, outlays for goods and services, current transfers, including pensions and social security payments, that are paid in cash or have been issued in kind, interest payments and transfers in kind;

 b) Capital expenditures for purchase of fixed assets, inventories, intangible assets, financial assets, capital transfers that are paid in cash or have been issued in kind, and grants;

 c) Gross lending;

 d) Repayment of external and domestic debt;

 e) Other payments in accordance with the laws of the federal government;

f) Transfers to the Central Bank of Iraq in accordance with the relevant provisions of the Central Bank Law;

g) Transfers to public corporations;

h) Transfers to regional governments, governorates, and municipal and local governments, including special budgetary funds.

9) A Treasury Consolidated Account shall be established and maintained within the Ministry of Finance. Subject to the transition provisions in Section 15, all receipts shall be credited to the Treasury Consolidated Account and paid into the Treasury Single Account, and all payments shall be debited to the Treasury Consolidated Account and withdrawn from the Treasury Single Account. All federal budget receipts, commitments, expenditures, and other payment transactions shall be entered into the Treasury's General Ledger.

10) The Minister of Finance shall issue orders to open bank accounts and such accounts must have a title that includes the words "federal government." An authorized person may dispose of federal government money only in accordance with this law and with regulations properly promulgated by the Minister of Finance. An authorized person must not misapply, improperly dispose of, or improperly use federal government money in contravention of this Law. Violations of this Law are subject to applicable administrative and criminal penalties under the legislation of Iraq, including Article 2(g) of Law Number 7 of 1958, Wastage of Natural Resources and Squandering of Public Assets and Funds, and applicable provisions of Law Number 111 of 1969, as amended, including provisions relating to bribery by public officials, embezzlement by public officials, and officials who overstep the bounds of their duty.

11) Subject to the monetary limits established by the Council of Ministers, the Minister of Finance may waive the right of the federal government to collect an amount owing, postpone the time of payment, or allow payment by installment only under the conditions and procedures provided by law.

12) The Minister of Finance shall report each and every such written-off sum or postponement to the Council of Ministers with the explanation for the write-off. This report shall be submitted quarterly with a final summary report to be submitted with the annual final accounts of the federal budget. These reports will be made publicly available.

13) The annual federal budget shall stipulate the use of the budget surplus or the means of financing the budget deficit.

14) The budget deficit shall be financed by cash balances of the federal government, short-term borrowings, domestic and external loans, or by the issuance of government debt securities. Short-term borrowings may be used for the purpose of ensuring liquidity during a period no longer than six months.

15) The annual federal budget shall be accompanied by documents that shall state the objectives and operating rules for fiscal policy, including constraints on borrowing and federal government debt, in accordance with the principles stated in Section 1 and with the provisions in Section 6(1) of this law and following Section 7(1), and will report on progress against these objectives.

Section 5
Management of Petroleum Revenues

1) All proceeds from the sale of petroleum or otherwise derived from current and prospective petroleum extraction, including from the federal government's production shares and royalties, and from the amount paid in respect of a right to explore for petroleum resources, and any amount derived from the investment of amounts in the petroleum revenue account, shall accrue to the budget. Except as provided in paragraph 2 of this section, below, or as may otherwise be required by applicable United Nations Security Council Resolutions (UNSCRs), the receipts from the export of petroleum shall be deposited into the Development Fund for Iraq (DFI) account to be held in the name of the Central Bank of Iraq, or a successor account to the DFI, hereafter generically referred to as the petroleum revenue account, and reflected accordingly as receipts and transfers to and from the budget.

2) Pursuant to United Nations Security Council Resolution 1483 (2003), and subsequent related UNSCRs, five percent (or such other percentage as may be determined by the United Nations Security Council or jointly by the internationally recognized, representative government of Iraq and the Governing Council of the United Nations Compensation Commission in accordance with UNSCR 1483) of the receipts from the export of petroleum shall be transferred to the Compensation Fund established in accordance with UNSCR 687 (1991) and subsequent relevant UNSCRs and the balance of receipts from the export of petroleum shall be deposited into the petroleum revenue account. These transfers to the Compensation Fund will be shown in the budget.

3) Disbursements from the petroleum revenue account shall be restricted to disbursements necessary to finance the budget, which shall include adequate provision for the government's obligations under any relevant UNSCRs or international law.

4) In the event that a successor account to the original DFI is established or the original DFI is continued beyond the date of the transfer of governance authority to the Iraqi Interim Government, the following will apply:

 a) Operational responsibility for the petroleum revenue account will be with the Minister of Finance, reporting to the Council of Ministers, which shall take advice from the Governor of the Central Bank and such other individuals as the Council may deem appropriate. The Council, in its discretion, may delegate responsibility for oversight of the operation of the petroleum revenue account to a committee, which shall be composed of such individuals as the Council may determine, and shall include, as a minimum, the Minister of Finance, the Minister of Oil and the Governor of the Central Bank in an advisory capacity.

b) Disbursements from the petroleum revenue account require the authorizing signature of at least two authorized persons, one of whom is an official in the offices supporting the Prime Minister or Council of Ministers and reporting to the Prime Minister and the other a permanent employee of the Ministry of Finance, designated by the Prime Minister and the Minister of Finance, respectively. The persons to whom authority has been delegated may not delegate to another person.

c) Any positive balance in the petroleum revenue account may be invested by the Minister of Finance with the written consent of the Council of Ministers or the committee mentioned in section 5(4)(a) of this law. Any amount so invested shall at all times remain the property of the Government of Iraq. No contract or agreement that purports to encumber the assets of the petroleum revenue account shall be enforceable, and the assets shall continue to enjoy all privileges and immunities to the extent provided by UNSCR 1483, or as otherwise decided by the UN Security Council.

d) The activities of the petroleum revenue account shall be subject to external audit conducted under the oversight of the Board of Supreme Audit, which shall act in accordance with Law Number 6 of 1990 as amended by CPA Order Number 77 (CPA/ORD/18 April 2004/77), except as otherwise provided by relevant UN Security Council Resolution.

5) The Minister of Finance shall make publicly available details of the petroleum revenue account; including opening and closing balance, underlying assets, and summary of movements, within three weeks of the end of each month. The Minister of Finance will authorize a quarterly review of the investment position, and by the end of the month following the end of each quarter submit a report on the results of the review to the Council of Ministers or the committee mentioned in section 5(4)(a) of this law. The final report for each year will detail each investment and enumerate the changes in the portfolio over the year and will be made publicly available.

Section 6
Budget Preparation

1) The preparation of the federal budget shall be based on the projections of economic development, the pursuit of macroeconomic stability, economic policy, and applicable laws and regulations, and shall be prepared with due regard to the desirability of ensuring the sustainability of Iraq's fiscal position, minimizing fluctuations in government spending, and achieving efficient revenue collection. In particular, the preparation of the federal budget will be based upon prudent and conservative forecasts for petroleum prices, petroleum production, and tax and customs revenue. The projections shall be prepared by the Ministry of Finance in consultation with the Central Bank and other Ministries in their respective areas of expertise.

2) During the month of May of each year, the Minister of Finance, shall issue a report on the priorities for fiscal policy for the next fiscal year, including the proposed total limit on spending and the limits for each individual spending unit, and submit it to the Council of Ministers for approval, together with the Final Accounts of the Federal Budget as submitted to the Board of Supreme Audit according to section 11(6) of this law, and an update on progress in execution of the budget in the current fiscal year. The Minister of Finance shall consult with the Minister of Planning and Development Cooperation on priorities, estimates of total funding, and procedures for preparing the capital spending plan and current budgetary implications of capital expenditures, including those to be implemented or financed by external sources.

3) In the month of June of each year, the Minister of Finance, in consultation with the Minister of Planning and Development Cooperation, and based on the priorities for fiscal policy established by the Council of Ministers, shall issue a circular setting guidelines and objectives of fiscal policy for spending units for the preparation of their budgets. The circular shall include key economic parameters, based on the macroeconomic framework referred to in Section 7(1), the procedures and timetable for budget preparation, as well as total levels of expenditure for each spending unit. This will serve as the basis for the spending unit to prepare its budget request.

4) In the month of July of each year, spending units will submit requests, including the information prescribed below, to the Minister of Finance for the allocation of funds. Copies of requests for the capital portion of the budget will also be submitted to the Ministry of Planning and Development Cooperation. Each request shall include:

 a) The expenditure estimates for the budget year as prescribed in the economic and functional classification systems determined by the Minister of Finance in accordance with international accounting standards, including the value of outstanding commitments for the current or prior year;

 b) Consistent with the guidelines issued by the Minister of Finance, the expenditure estimates for the year following the budget year (the “upcoming fiscal year”) and to the extent permissible given conditions prevailing in Iraq, for the two fiscal years following the upcoming fiscal year as prescribed in the economic and functional classification system determined by the Minister of Finance, in accordance with international accounting standards;

 c) Estimates of personnel requirements for which budgetary funds are required;

 d) Estimates of the requirements for other operating costs;

 e) Multi-year commitments or multi-year payments, along with separately prepared capital expenditures; and

 f) Estimates of receipts from the core activities of spending units.

g) Estimates of the proportion of expenditures that would be due in foreign currency.

5) The Minister of Finance may determine more specific requirements for the content and format of the request.

6) The Minister of Finance, in consultation with the Minister of Planning and Development Cooperation shall, on the basis of the estimates of revenue and submitted budget proposals for the allocation of budget funds, and in the light of discussions with proposing Ministers, determine estimated payments for spending units for the budget, as well as any amounts to be included in the contingency reserve.

7) In the event of an irreconcilable disagreement during discussions on the draft annual federal budget between the Minister of Finance and the Ministers responsible for spending units, the Minister of Finance will note the disagreement and explain his proposed solution in his submission of the draft annual federal budget. In determining the proposed solution, the Ministry of Finance may consult with the Ministry of Planning and Development Cooperation regarding the prioritization of capital expenditures. The Council of Ministers may, within the agreed aggregate limit, adjust appropriations in accordance with their collective priorities. Any increase in the aggregate spending limit must be based on a proposal submitted by the Minister of Finance and approved by the Council of Ministers.

8) In the month of September of each year, the Minister of Finance shall prepare the draft annual federal budget and submit it to the Council of Ministers for approval. The Minister of Finance shall submit the budget by October 10th to the body vested with the national legislative authority for approval.

Section 7
Budget Law

1) In preparing the draft annual budget law the following shall be taken into account, disclosed to the body vested with national legislative authority, and made publicly available in the documents accompanying the budget law:

a) A statement of the objectives and operating rules for fiscal policy in accordance with the principles stated in this law, and an explanation of how these objectives relate to provisions in the annual budget law.

b) A comprehensive and consistent quantitative macroeconomic framework, and the main assumptions underlying the budget, including the assumptions for oil prices and oil production. To the extent permissible given conditions prevailing in Iraq, the macroeconomic framework shall cover the budget year and the subsequent three years;

c) New policies being introduced in the annual budget and their quantified fiscal impact;

d) Major fiscal risks, quantified where possible, including variations in economic assumptions and the uncertain costs of specific expenditure commitments, including financial restructuring;

2) The draft annual budget law shall include:

a) The estimation of receipts in cash and in kind in accordance with economic classification;

b) The estimation of payments in cash and in kind in accordance with economic, organizational, and functional classifications;

c) The use of any surplus, and the financing of any deficit;

d) The contingency reserve, which shall be no greater than 5% of the non-interest expenditures of the federal budget;

e) Clear specification of the rules for authorization of expenditure and limits to expenditure. Limits on borrowing, issuance of government debt securities, change in stocks of government debt securities, and guarantees consistent with the Public Debt Law, and the authority granted to the Minister of Finance to buy, redeem, or refund outstanding government debt securities;

and the draft budget law shall be accompanied by a report on the economic and financial situation, including the assumptions, methods, and outcomes of the economic projections on the basis of which the draft annual Federal budget law is established, including actual revenues, expenditures, balance and total debt of the general government for the past two years.

3) The body having national legislative authority has the right to reallocate proposed spending and to reduce the total amounts in the federal budget. It also has the right to propose an increase in the overall amount of expenditures to the Council of Ministers if necessary, and provide notice of this proposal to the Minister of Finance. The Minister of Finance will make a nonbinding recommendation to the Council of Ministers with respect to this proposal.

4) If the federal budget is not approved by the body vested with national legislative authority by December 31st, the Minister of Finance will, on a monthly basis, approve funds for spending units up to 1/12 (one twelfth) of appropriations of the previous fiscal year until a budget is approved. The funds so provided for can be used only for liquidation of existing commitments, salaries, pensions, social security payments, and debt service.

5) The annual federal budget may be amended through a supplementary budget only on the basis of a significant and unexpected change in economic circumstances or national priorities. The supplementary budget must be determined by the Council of Ministers on recommendation

of the Minister of Finance and approved by the body vested with national legislative authority. Should the Minister of Finance conclude that a supplementary budget is required, he shall make appropriate recommendations, including on proposed total receipts and payments, to the Council of Ministers. The Minister of Finance shall, within eight weeks after recommending that the Council of Ministers adopt a supplementary budget, submit details of the draft supplementary budget to the Council of Ministers for approval. The Council of Ministers shall approve such recommendations, with any appropriate modifications, within two weeks of receiving them. The draft supplementary budget, as approved by the Council of Ministers, shall be submitted to the body vested with national legislative authority within one week of such approval. The Minister of Finance shall issue regulations and guidelines for the procedures to be followed in preparing the supplementary budget.

6) The revenues and expenditures of special budgetary funds are to be reflected in the annual budget law.

7) The approved federal annual and supplementary budgets shall be published in the *Official Gazette* and made publicly available in other media, as appropriate.

Section 8
Public Corporations

1) Each public corporation shall prepare its budget proposal, and after approval by its directors and the competent minister, submit it to the Minister of Finance for review and final approval. The budget should, among other things, show budgeted revenues, expenses, profits or loss, capital expenditure, cash flows, borrowings, grants, transfers, contingent liabilities including guarantees, and balance sheet. Any amendments to the budget shall also be submitted to the Minister for Finance for review and approval**.** The Minister of Finance shall respect the operational independence of public corporations.

2) The budgets of public corporations are not incorporated into the federal government budget and are not incorporated into the budgets of any other level of government.

3) Public corporations shall submit by August 31st estimates of total loans and short-term borrowings to be raised in the forthcoming fiscal year for approval by the Minister of Finance. Public corporations will report monthly to the Minister of Finance on the amount of loans and short term borrowings raised. Guarantees given by the federal government in respect of public corporations borrowings shall be in accordance with law, and shall be disclosed in the final accounts of the federal government.

4) All public corporations shall submit their monthly accounts to the competent ministry 10 days following the end of each month. All public corporations shall submit semi-annual accounts to the Minister of Finance no later than July 15th. Each public company shall submit its audited final accounts to the Minister of Finance no later than March 31st of the year following the fiscal year ended. The final accounts shall include balance sheet, profit and loss statement, cash flow statement, and notes to the final accounts covering, among other things,

accounting policies, revenues and expenses, assets and liabilities including borrowings, commitments, and contingent liabilities. The final accounts shall be prepared in accordance with international standards and shall be audited by an independent auditor.

Section 9
Budget Execution

1) The Minister of Finance is responsible for the execution of the federal budget**.**

2) No payments will be made from the Treasury Consolidated Account except under an appropriation made in the annual budget or supplementary budget law, under a standing appropriation of another Law, or to make an investment in terms of Section 5(4)(c) of this Law**.**

3) Spending units will use the funds determined in the federal budget in accordance with a spending plan that has been approved by the Minister of Finance.

4) Spending units may not commit to making expenditures that exceed the amounts allocated to them, unless otherwise provided by the budget law.

5) Budget executors are responsible for ensuring that allocated funds within their spending units are used for lawful purposes.

6) Appropriations for contingency reserve funds may be used for payments that are urgent and that were unforeseen at the time the annual budget law was passed, if approved by the Council of Ministers and the Minister of Finance. The Minister of Finance shall propose the criteria for using reserve funds for approval by the Council of Ministers. All expenditures from the reserve will be reported to the body vested with national legislative authority.

7) In accordance with regulations prescribed by the Minister of Finance, the spending units, governorates, and special budgetary funds shall submit reports on realized receipts and executed payments to the Minister of Finance within 30 days following the end of each month. By the 15th of the subsequent month, the Ministry of Finance shall compile a consolidated report on realized receipts and executed payments on the basis of the reports submitted, and make it publicly available in the *Official Gazette* and other media, as appropriate.

8) The Ministry of Finance can authorize the responsible Minister or Ministers, subject to the provision below, to reallocate the approved budget appropriations from one spending unit to another up to a limit of five per cent of the amount approved by the annual or supplementary budget law for the spending unit that is to have its appropriation reduced. The following restrictions apply:

 a) No funds can be reallocated between a current expenditure of one spending unit and the capital expenditures of another or between transfer payments of one spending unit

and other items, including salaries, goods, and services or capital expenditures, of another.

b) Spending units may, with the approval of the Minister of Finance, reallocate their approved funds between line items by up to 5% of the total amount of funds approved provided that no funds can be reallocated from capital to current expenditures or between transfer payments and other current expenditures, including salaries, goods and services. Virement from salaries or current spending to capital spending of up to 5% may be permitted with the approval of the Minster of Finance.

c) A report of these transfers shall be prepared by Ministry of Finance and submitted on a quarterly basis to the body vested with national legislative authority. A copy of such report will be forwarded to the Minister of Planning and Development Cooperation.

9) Funds approved for spending units may be used only until the December 31st of the fiscal year, except to the extent that goods and services have been validly ordered and received. Receipts received after the end of a fiscal year will be recorded as receipts of the next fiscal year budget.

Section 10
Borrowings and Guarantees

1) Federal government debt may be in the form of domestic and foreign loans, short-term borrowings, and securities issues. The issue and redemption of securities shall be managed by the Central Bank of Iraq as the agent for the federal government. The Ministry of Finance and the Central Bank shall share information on government cash and borrowing needs and current monetary conditions in order to ensure effective coordination of monetary and budgetary policy.

2) Governorates and regional governments may, upon notification to the Minister of Finance, raise funds through borrowings, and issue loan guarantees subject to the debt limit set in the annual budget law, and to the specific debt limit set for each entity under the apportionment approved by the Council of Ministers on a recommendation of the Minister of Finance. Regional governments and governorates shall submit by August 31st estimates of total outstanding borrowings, and borrowings to be raised in the forthcoming fiscal year for review and for approval by the Minister of Finance. Regional governments and governorates will report to the Minister of Finance monthly on the amount of outstanding borrowings raised and loan guarantees issued.

3) The Ministry of Finance shall submit to the Council of Ministers for approval with the draft annual budget law, the financial plan on loans, short-term borrowing, and the issuing of guarantees by the federal government, governorates regional governments. In addition, the Ministry will submit to the Council of Ministers a report any time that the plan must be changed. Such changes must remain within the limits set by the budget. The Ministry of

Finance shall have the right, upon notification to the affected governorate or regional government, to adjust the timing of the issuance of governorate or regional government debt approved in the plan on the basis of macroeconomic and debt policy considerations.

4) The annual budget law shall determine the terms, conditions, and the limit on the annual increase in the total existing federal government, regional government and governorate and public corporation debt, and shall establish the total amount of guarantees to be issued by the federal government, regional governments, governorates, and public corporations.

5) The federal government shall set limits for guarantees issued by regional governments and governorates, but shall not guarantee them, unless explicitly provided in law.

6) The Minister of Finance shall sign the borrowing and guarantee contracts of the federal government, and shall enter into a contract with the Central Bank for services required in implementing all decisions on issues of securities.

7) The Minister of Finance shall maintain a record of all federal government debt. The authorized body within the regional governments and governorates shall maintain a record of existing regional government and governorate debt, loans granted, short-term borrowings, and issued guarantees, and shall provide the Ministry of Finance with an updated record of this information within 30 days of the end of each month.

8) The Minister of Finance shall prepare a consolidated report on all government debt within 90 days of the end of each fiscal year and shall make this report available to the public.

Section 11
Internal Control and Accounting

1) Budget executors shall be responsible for the accounting and internal control of transactions related to receipts, commitments, and payments of spending units and sub-units falling within their jurisdiction.

2) The Minister of Finance shall, on behalf of the federal government, have responsibility for the accounting, internal control, borrowing, and debt transactions associated with the budget.

3) The Minister of Finance shall prescribe internal control arrangements, accounting procedures and standards, submission of reports on the usage of budget funds, and the manner of recording receipts, payments, and commitments.

4) The Minister of Finance may issue special orders to spending units, governorates, municipal and local governments, and other budget entities for their submission of financial reports and shall prescribe the submission of the Final Accounts of spending units, including regional governments, governorates, municipal and local governments, and other budget entities.

5) The Minister of Finance shall submit to the body vested with national legislative authority by May 31st and November 30th, quarterly reports on the execution of budget revenue, expenditures, and financing for the quarters ending March 31st and September 30th, respectively. This report will include the execution of budget revenue, expenditures and financing of the federal budget. The Minister of Finance shall also submit to the body vested with national legislative authority by August 31st of each year a mid-year report on execution of budget revenue, expenditures, and financing for the half year ending June 30th. This report will include detailed information on the execution of budget revenue, expenditures and financing of the budget.

6) The Minister of Finance shall, by April 15th of the succeeding year, prepare the annual final accounts of the federal budget, including special budgetary funds, and submit it to the Board of Supreme Audit. The Board of Supreme Audit will provide an audit report on the final accounts by June 15th. The Council of Ministers will submit final accounts and the related audit report to the body vested with national legislative authority by June 30th.

7) The final accounts of the federal budget must be in accordance with the content and classifications of the budget and international accounting standards, and shall include the following:

 a) An external audit report from the Board of Supreme Audit in accordance with the Board of Supreme Audit Law, as amended, and its established procedures;

 b) The initial and final balance of the Treasury Consolidated Account and a summary of movements for the year;

 c) A report on differences between budgeted and executed receipts and payments and on the financing of any deficit or the use of any surplus;

 d) A report of all federal government borrowings for the year, and the total debt outstanding, including any payment arrears;

 e) A report of spending from the budget contingency reserves;

 f) A report on federal government guarantees issued during the fiscal year;

 g) The Minister of Finance shall prepare a report of all borrowings by regional governments and governorates;

 h) Outstanding amounts on capital contracts;

 i) Retentions due on contracts;

 j) Letters of credit entered into for which funds have been placed but for which goods have not been received;

k) The Minister of Finance shall prepare a report on all guarantees by regional governments and governorates.

8) Following approval of the final accounts of the annual federal budget by the body vested with national legislative authority, the final account shall be published in the *Official Gazette* and made publicly available.

Section 12
Ministry of Finance Functions

1) The Ministry of Finance shall be responsible for, but is not limited to, conducting the following treasury functions:

a) Executing all cash and non-cash payments on the basis of documentation and data supplied manually or electronically by spending units, in accordance with this Law;

b) Maintaining the Treasury general ledger and subsidiary accounts;

c) Processing budget allocations to spending units;

d) Preparing the federal government's final accounts;

e) Ensuring that no budget executor can exceed his annual appropriation;

f) Developing and managing the federal government's accounting and financial information system;

g) Providing regular financial reports as required;

h) Supporting analysis and improvements to the federal government's financial systems;

i) Making payments from the current and permanent reserves;

i) Managing the cash balances of the Treasury Consolidated Account and the investment of the federal government's surplus cash balances;

j) Managing the recording of domestic and external debt;

k) Managing the recording of international grants, assistance, and loans;

l) Preparing government accounting and financial management standards, regulations, and related legislation;

m) Managing the opening, recording, and reconciliation of government bank accounts; and

n) Managing the operations of the Regional Treasury Offices.

2) The Ministry of Finance shall be responsible for, but is not limited to, the following budget formulation functions:

a) Managing the process of budget preparation, planning and development, including the preparation of macroeconomic and other economic advice;

b) Proposing guidelines for the preparation, planning, execution, revision, and evaluation of budgets;

c) Preparing the annual budget law, any supplementary budget laws, and making them publicly available;

d) Monitoring receipts and execution of payments, including petroleum revenues;

e) Preparing cash flow forecasts;

f) Providing advice to the Council of Ministers on requests by spending units for the reallocation of appropriations and implementing decisions on reallocations;

g) Making payments from the current and permanent reserves.

h) Providing advisory support on budgetary issues to all spending units; and

i) Preparing reports on budget preparation and budget execution for international economic organizations.

j) Preparing regulations, instructions, guidelines and directions under this Law and on amendments to this Law.

Section 13
Internal Audit

1) The Minister of Finance shall prescribe the manner and procedures by which Ministries, spending units, and public corporations will undertake internal audits, and is responsible for ensuring that the internal audit process is conducted in accordance with these rules and procedures.

2) Internal Audit performance consists of the following:

a) Providing regular assessments of the adequacy and effectiveness of the Ministries' decision-making processes, minimization of risk, and internal control;

b) Reporting significant internal control issues and improving the control processes and information system in order to minimize risk in the decision-making process;

c) Reviewing the efficiency and effectiveness of the use of existing services, and proposing more efficient ways of providing these services;

d) Liaising with the external audit agency; and

e) Providing periodically information on the status of the execution of the annual audit plan.

Section 14
External Audit

1) The federal budget and any supplementary budget shall be subject to annual audits by the Board of Supreme Audit, according to the law.

2) In order to facilitate this audit, the Minister of Finance shall make available to the Board of Supreme Audit:

a) The approved federal budget and any supplementary budgets, and any accompanying documents;

b) The reported results of all internal audits;

c) The quarterly and annual reports on loans, borrowings, guarantees, and debt;

d) Final accounts of public corporations and the results of all audits;

e) Documents discussed by the Council of Ministers its role of oversight of operations for any successor to the DFI, or by any committee delegated with this role according to section 5(4) of this Law, as well as the results of any internal audits; and

f) Any other documents, information and explanation requested by the Board of Supreme Audit in connection with the performance of its audit functions.

Section 15
Transitional Arrangements

1) To the extent that this Law is inconsistent with existing laws, the provisions of this Law shall prevail.

2) Regulations implementing this Law shall be approved within 12 months from the day of enactment of this Law. Until these regulations are approved, existing regulations shall continue to apply, to the extent consistent with this Law.

3) In transitioning to the Treasury Single Account, the Minister of Finance is hereby authorized to close the accounts of the federal government Budget Accounts opened at the Central Bank or in any other banks. Resources remaining in Federal Budget user accounts are to be transferred to the Treasury Single Account and reflected in the Treasury Consolidated Account. Until the closure of the existing bank accounts is completed and the Treasury Single Account is fully established, the Minister of Finance is authorized to operate the existing bank accounts on a zero-balance basis under which balances of these accounts will be transferred to the Treasury Single Account on a daily basis. Should circumstances make daily transfers impracticable, the Minister of Finance shall institute transfers as frequently as practicable.

4) Law Number 107 of 1985 on Consolidated Government Budget (as amended by Law Number 48 of 1990), and Law Number 20 of 1940 on General Accounting Principles shall not have effect for the fiscal year 2005 and subsequent years.

5) The Minister of Finance is authorized to promulgate rules that will facilitate accurate financial reporting during the period in which Iraq is undergoing the transition to international accounting standards ("interim standards"). These interim standards shall apply only for the fiscal year with respect to which they are promulgated. Reports prepared for these periods that are otherwise required to comply with international accounting standards may comply with either the interim standards or international accounting standards.

6) Unless otherwise provided by relevant UNSCR and the Transitional Administration Law, including its Annex, prior to the establishment of a national legislature, the Council of Ministers shall serve as the final approval authority for the federal budget, subject to the approval of the Presidency. During such period, if the federal budget is not approved by the Presidency and the Council of Ministers, the Minister of Finance will, on a monthly basis, approve funds for spending units up to 1/12th one twelfth of appropriations of the previous fiscal year until the budget is approved.

7) To the extent that the relevant UNSCR and the Transitional Administration Law, including its Annex, attributes executive power to a body or person different than the Council of Ministers, powers and responsibilities delegated to the Council of Ministers by this Law shall be delegated instead to the executive body or person so identified in the relevant UNSCR or the Transitional Administration Law.

8) Upon the transfer of governmental authority to the Iraqi Interim Government, the Program Review Board established pursuant to Coalition Provisional Authority Regulation Number 3 (CPA/REG/18 June 2003/3) shall cease to perform budgetary functions for Iraq and shall dissolve.

Section 16
Entry into Force

This Law shall enter into force on the same date that the Order authorizing this law enters into force. It shall apply to the budget of the fiscal year 2005 and subsequent years, and additionally, following the transfer of governance authority to the Iraqi Interim Government, shall apply to any supplementary budgets for fiscal year 2004.

ANNEX B

IRAQ

PUBLIC DEBT LAW

Section I Definitions

For the purposes of this law, the terms below are defined as follows:

"*Bank*" means a bank as defined under the Banking Law.

"Government" means the entity exercising temporary governmental authority in Iraq on the date this law enters into force and then the transitional Iraqi administration upon the transfer to it of full governmental authority and the recognition of the sovereignty of that administration by the CPA, and then the internationally recognized representative government of Iraq once it assumes the responsibilities of such authority.

"*Government Debt Security*" means a debt security issued by the Ministry of Finance, including debt securities lawfully issued prior to the effective date of this Law. The term "debt security" shall have the same meaning assigned to it in the Banking Law.

"*Minister*" means the Minister of Finance acting in an official capacity.

"*Official Publication*" means the *Official Gazette* or such other general publication of wide circulation as specified by the Council of Ministers or its delegee.

"*Owner*" means the person registered as the owner of a Government Debt Security on the books of the government securities registrar.

Section II Authorities and Duties Pertaining to the Issuance of Government Debt Securities

1. The Minister shall have authority to issue Government Debt Securities as an obligation guaranteed by the Government only in amounts reasonably necessary for expenditures authorized by law and in amounts necessary to buy, redeem, or refund outstanding Government Debt Securities.

2. The issue and redemption of Government Debt Securities shall be managed by the Central Bank of Iraq as the agent for the Government.

3. The Minister shall have authority to set the terms and conditions for Government Debt Securities before they are issued, such as:

(a) the date of maturity;

(b) the offering price and interest rate;

(c) the method of computing the interest rate;

(d) the dates for paying principal and interest;

(e) whether a debt security is to be issued on an interest-bearing basis, a discount basis, or an interest-bearing and discount basis;

(f) the form of the security;

(g) the currency in which the debt is issued; and

(h) any other condition not prohibited by law.

4. The Minister shall have authority to determine how it will offer Government Debt Securities for sale, such as by competitive auction and by subscription.

5. The Minister shall have authority to offer Government Debt Securities for sale to any person.

6. The Minister shall deposit without delay all proceeds from the sale of Government Debt Securities into the public treasury or an authorized depositary.

Section III Authorities and Duties Pertaining to Outstanding Debt Securities

1. The Minister shall have authority to buy, redeem, or refund Government Debt Securities in accordance with their terms and conditions using public funds.

2. The Minister shall have authority to give relief to owners of lost, defaced, or destroyed Government Debt Securities in accordance with regulations issued by the Minister.

3. The Minister shall pay principal and interest in legal tender when due, or earlier in his discretion, in accordance with the terms and conditions of the Government Debt Security.

4. The Minister shall have a permanent and indefinite appropriation of public funds for the purpose of buying, redeeming, or refunding Government Debt Securities and for the purpose of paying interest on those securities.

Section IV Authorities Pertaining to Fiscal Agents and Depositaries

1. The Minister shall have authority to engage the Central Bank of Iraq, and any other Bank, as a fiscal agent for the purpose of carrying out any function authorized by this Law.

2. The Minister shall have authority to designate Banks that are eligible to act as depositaries for any part of the proceeds from the issuance of Government Debt Securities. The Minister shall have authority to prescribe conditions for the deposit of public money, including the interest rate on amounts deposited.

3. The Minister shall have authority to transfer public money in a depositary's possession to the public treasury, and to transfer public money between depositaries.

4. The Minister shall have the authority to require his fiscal agent and depositaries to provide him with any information about their activities under this Law.

Section V Administrative Authorities and Duties

1. The Minister shall have authority to issue regulations, prescribe policies, and issue announcements for the purpose of implementing this Law and carrying out the Minister's functions under this Law.

2. The Minister shall have authority to delegate his duties and functions under this Law, except the power to delegate, to any person within the Ministry of Finance.

3. The Minister shall publish all regulations issued under this Law in the Official Publication.

4. Prior to any sale, the Minister shall list the terms and conditions applying to a Government Debt Security in a regulation or an offering announcement. An offering announcement shall be publicized in a manner that ensures wide circulation among potential buyers.

5. If the Minister proposes to issue a regulation pursuant to this Law, he shall publish a draft of the proposed regulation in the Official Publication. Along with the proposed regulation, the Minister shall publish an explanation of the regulation and provide at least thirty days after publication for the public to submit comments. The Minister shall consider all comments received. If the Minister determines that a final regulation is appropriate, the Minister shall issue the regulation accompanied by a general description of the comments and his response to those comments. The Minister may issue a final regulation without publishing a draft or considering public comment if the Minister determines that the delay involved would be a serious threat to the interests of the financial system or hinder the effective conduct of monetary policy. In such an event, the Minister shall publish an explanation of his decision to depart from the procedures in this paragraph in the Official Publication.

6. The Minister shall maintain a system of books and records

(a) describing all issued Government Debt Securities;

(b) identifying the dates when outstanding obligations come due; and

(c) stating all amounts of principal and interest paid on Government debt securities.

7. The Minister shall make all its books and records pertaining to Government Debt Securities available for inspection upon request by the Prime Minister and Council of Ministers or its delegee.

8. On or before the end of the fiscal year, the Minister shall submit a report to the Prime Minister and Council of Ministers on the public debt activities of the Ministry of Finance. The report shall include, at a minimum:

(a) A table showing the public debt from all outstanding Government Debt Securities as of the date of the report, the interest cost for that debt in the current year, and the projected interest cost for government debt over the next five fiscal years, taking into account projections for the budget.

(b) A table showing the maturity distribution of the public debt from all Government Debt Securities outstanding as of the date of the report.

(c) An explanation of the overall financing strategy used in determining the distribution of maturities and interest rates for Government Debt Securities issued during the current fiscal year.

Section VI Final Provisions

1. Any provision of Iraqi law that was enacted prior to the effective date of this Law and that is inconsistent with this Law is hereby superseded.

2. This Law shall enter into force on the same date that the Order authorizing this Law enters into force.

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 96

THE ELECTORAL LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and Resolution 1511 (2003);

Reaffirming the right of the Iraqi people, as recognized in Resolutions 1483 and 1511, to freely determine their own political future;

Noting that the Law of Administration for the State of Iraq for the Transitional Period (the "TAL") provides for the Iraqi people to choose their government through genuine and credible elections to be held by the end of December 2004 if possible and, in any event, no later than 31 January 2005;

Determined to achieve the transitional goals of the TAL, including the drafting and ratification of a permanent constitution, and the establishment of an elected government under that constitution;

Committed to electing the drafters of the Iraqi constitution by a direct, universal and secret ballot of the Iraqi people;

Noting the Iraqi Governing Council's adoption of Resolution 87 of 2004 endorsing use of a single electoral district and proportional representation in the election of the National Assembly of the Iraqi Transitional Government;

Having consulted extensively with representatives of the United Nations and benefited from their consultations with the Governing Council and a broad cross-section of Iraqis,

I hereby promulgate the following:

Section 1
Purpose

This Order forms part of the legal framework for genuine and credible elections to determine the membership of the National Assembly of the Iraqi Transitional Government.

Section 2
Definitions

For purposes of this Order, the following definitions shall apply. Words importing the singular include and apply to several persons, parties, or things; words importing the plural include the singular; and words importing the masculine gender include the feminine:

1) "Commission" means the Independent Electoral Commission of Iraq, as established by CPA Order No. 92 (CPA/ORD/31 May 2004/92).

2) "Iraqi Interim Government" means the government that will assume full governmental authority on 30 June 2004 and retain such authority until the formation of the Iraqi Transitional Government.

3) "Iraqi Transitional Government" means the government that is to be established after nationwide elections occurring no later than 31 January 2005.

4) "National Assembly" means the National Assembly of the Iraqi Transitional Government, as described in the TAL.

5) "Political Parties and Entities Law" means the law that will govern the recognition of Political Entities in Iraq during the Transitional Period.

6) "Political Entity" means a political entity as defined in the Political Parties and Entities Law.

7) "Threshold" means the minimum number of valid votes necessary to obtain a seat in the National Assembly.

Section 3
System of Representation

1) The election for the National Assembly shall be by direct, universal and secret ballot.

2) Consistent with Article 31 of the TAL, elections for the National Assembly will choose 275 members. Consistent with Article 31(A) of the TAL, a separate law enacted after such elections will govern the replacement of members of the National Assembly in the event of resignation, removal or death.

3) Iraq will be a single electoral constituency. All seats in the National Assembly will be allocated among Political Entities through a system of proportional representation.

4) The formula for the allocation of seats in the National Assembly will be based on a first calculation employing a simple quota (Hare quota) and subsequent calculations employing the largest remainders. The Threshold shall be the natural threshold, which is calculated by dividing the total number of valid votes by 275. The procedure for use of this formula shall be set forth in such regulations promulgated pursuant to Section 6.

Section 4
Electoral Candidates

1) Any Political Entity may present a list of candidates for election to the National Assembly to the Commission so long as the candidates on the list meet the applicable legal criteria.

2) The lists presented to the Commission must have the candidates in a ranked order. Seats in the National Assembly shall be allocated to candidates according to the ranked order on the list. The candidates on the lists may not be reordered or otherwise changed after a date to be established by the Commission.

3) No fewer than one out of the first three candidates on the list must be woman; no fewer than two out of the first six candidates on the list must be woman; and so forth until the end of the list.

4) No list shall contain fewer than twelve or more than 275 candidates, except that individual persons certified as Political Entities by the Commission may present themselves on a list as a single candidate. The requirement of Section 4(3) does not apply where a list contains an individual person certified as a Political Entity.

5) Seats shall be allocated to candidates, not Political Entities. At no time may a Political Entity withdraw a seat in the National Assembly from the candidate to whom it was allocated.

Section 5
Entitlement to Vote

1) To be eligible to vote in the election of the National Assembly, a person must:

a) According to Article 11 of the TAL, be deemed an Iraqi citizen, be entitled to reclaim Iraqi citizenship or be eligible for Iraqi citizenship;

b) Have been born on or before 31 December 1986; and,

c) Be registered to vote according to procedures issued by the Commission.

2) The Commission shall interpret Article 11 of the TAL in an inclusive manner. The Commission shall not be dependent on the conclusion of any administrative or legal processes undertaken by the Iraqi Interim Government in order to implement Article 11 of the TAL.

3) The decisions of the Commission shall not prejudice future administrative or legal processes undertaken by the Iraqi Transitional Government in order to implement Article 11 of the TAL.

Section 6
Implementation

The Commission may issue regulations, rules, procedures and decisions to implement this Order.

Section 7
Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order is hereby suspended to the extent of such inconsistency.

Section 8
Effective Date

This Order shall enter into force on the date of signature.

6/15/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 97

POLITICAL PARTIES AND ENTITIES LAW

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), and Resolution 1511 (2003);

Reaffirming the right of the Iraqi people, as recognized in Resolutions 1483 and 1511, to freely determine their own political future;

Noting that the Law of Administration for the State of Iraq for the Transitional Period (the "TAL") provides for the Iraqi people to choose their government through genuine and credible elections to be held by the end of December 2004 if possible and, in any event, no later than 31 January 2005;

Determined to achieve the transitional goals of the TAL, including the drafting and ratification of a permanent constitution, and the establishment of an elected government under that constitution;

Underscoring the need for international cooperation to achieve these goals and the essential role to be played by the United Nations and other internationally recognized experts in electoral administration;

Committed to establishing an impartial and internationally recognized body of Iraqi professionals and expert advisors to coordinate and oversee genuine and credible elections in Iraq;

Having consulted extensively with the representatives of the United Nations and benefited from their consultations with the Governing Council and a broad cross-section of Iraqis, I hereby promulgate the following:

Section 1
Purpose

This Order forms part of the legal framework for genuine and credible elections that fairly reflects Iraq's rich diversity of political thought by encouraging and impartially regulating the development of vibrant political entities across Iraq.

Section 2
Recognition of Political Entities

1) A "political entity" means an organization, including a political party, of eligible voters who voluntarily associate on the basis of common ideas, interests or views, for the purpose of articulating interests, obtaining influence and having their representatives elected to public office, so long as that organization of eligible voters is officially certified as a political entity by the Independent Electoral Commission of Iraq ("Commission"). A "political entity" also means an individual person who intends to stand for election to public office, so long as the individual person is officially certified as a political entity by the Commission.

2) The Commission shall establish regulations that govern the certification and decertification of political entities. Such regulations shall include the total number of eligible voters – as measured by signatures, personal marks, or other identifiable means – required for certification as a political entity, provided that the total number of eligible voters required for certification of organizations or individual persons shall not exceed 500.

Section 3
Status and Treatment of Political Entities

1) Each political entity, except certified individuals, shall become, upon certification, a distinct legal entity in Iraq, unless it already had such status.

2) As distinct legal entities, political entities shall be capable of owning, leasing or having legal tenure of property, entering into contracts, and conducting transactions. Political entities shall enjoy any additional legal entitlement or protection provided by the Commission through regulations, rules, procedures, and decisions.

3) All political entities, including certified individual persons, are equal before the law, and shall be treated equally at all times by all levels of government in Iraq.

4) No organization or group of individuals may offer candidates for elections in Iraq unless certified as a political entity by the Commission. No individual person may stand for election in Iraq unless certified as a political entity by the Commission.

Section 4
Recognition of Common Principles

1) Political entities will be bound by regulations, rules, procedures, and decisions promulgated by the Commission.

2) The Commission will duly establish actions and omissions that are electoral offenses and subject to sanction. Sanction for electoral offenses may include, without limitation, injunction, financial penalty, public notice, certification suspension and decertification. Such offenses and sanctions shall be in addition to criminal offenses set forth in Iraqi law.

3) The following principles shall apply to all political entities in Iraq and shall be incorporated into and implemented by the Commission's regulations governing political entities:

 a) No political entity may have or be associated with an armed force, militia or residual element as defined in CPA Order No. 91, Regulation of Armed Forces and Militias within Iraq (CPA/ORD/June 2004/91);

 b) No political entity may be directly or indirectly financed by any armed force, militia, or residual element;

 c) No political entity may put forth any candidate who fails to meet the applicable legal criteria;

 d) Political entities must abide by all laws and regulations in Iraq, including public meeting ordinances, prohibitions on incitement to violence, hate speech, intimidation, and support for, the practice of and the use of terrorism;

 e) Political entities must operate pursuant to the code of conduct that will be promulgated by the Commission – such code must include, among other things, the requirements in Section 4(3)(d) of this Order;

 f) Political entities other than individuals certified as political entities must promulgate a statute to govern their organization and operation, including the method or process for selecting leaders and candidates, and this statute must be available to any member of the public upon request;

g) Political entities, to compete freely and openly in an election, are free to form coalitions to aggregate interests, and to build a campaign for candidates around coalitions of such interests; and

h) Political entities must strive, to the extent possible, to achieve full transparency in all financial dealings. In this regard, the Commission may issue regulations with respect to financial disclosure.

4) The Commission retains full discretion to define mechanisms for enforcing its regulations against any political entity.

Section 5
Modification and Further Regulation

All further matters regarding the regulation and certification of political entities lie with the Commission exclusively.

Section 6
Inconsistent Legislation

Any provision of Iraqi law that is inconsistent with this Order is hereby suspended to the extent of such inconsistency.

Section 7
Effective Date

The present Order shall enter into force upon the date of signature.

6/15/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 98

IRAQI OMBUDSMAN FOR PENAL AND DETENTION MATTERS

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

Recognizing the need to promote the development of an effective framework for officials of the Iraqi Government to participate in the oversight of the detention of individuals in Iraq,

Determining the necessity of an independent means of investigating complaints of abuse and acting in accordance with UNSCR 1483 to promote the protection of human rights,

Acting in accordance with the consultations between the Coalition Provisional Authority and the Iraqi Interim Government,

I hereby promulgate the following:

Section 1
Definitions

1) "Detaining authority" means any Iraqi, Multinational Force or contracted personnel employed, engaged in, supervising or commanding, criminal or security custody in Iraq with respect to persons held in such custody for any period. This does not include Multinational Force detention of its own personnel.

2) "The Government" means the Iraqi Interim Government and the Iraqi Transitional Government.

3) "Complainant" means a person complaining of adverse treatment by a detaining authority.

4) "Conduct" means any action or inaction relating to the behavior or administrative functions of a detaining authority.

5) "Head of Government" means, before June 30, 2004, the CPA Administrator, and thereafter means the Prime Minister of the Iraqi Interim Government or the Iraqi Transitional Government.

Section 2
Office of the Ombudsman

1) The Head of Government may, on the recommendation of the Minister of Justice, appoint an Ombudsman on such terms and conditions, consistent with and subject to this Order, as are specified in the instrument of appointment.

2) For administrative purposes, and without prejudice to the powers and responsibilities vested in the Ombudsman under this Order, the Ombudsman shall be considered an officer of the Ministry of Justice and shall be entitled to a salary at a level commensurate with the duties and responsibilities of the office, as determined by the Minister of Justice, which salary shall not be reduced during the Ombudsman's tenure.

3) Subject to this Order, the Ombudsman holds office for such period, not exceeding seven years, as is specified in the instrument of his or her appointment and is eligible for re-appointment.

4) To be eligible for appointment as Ombudsman the person must:

 a) be an Iraqi national,

 b) be of high moral character and reputation for impartiality and integrity,

 c) have a background of opposition to the Ba`ath Party, non-membership in the Ba`ath Party or membership that does not fall within the leadership tiers described in CPA Order 1, dated May 16, 2003 and entailed no involvement in Ba`ath Party activity, and

 d) have no criminal record unless the record consists only of a political or false charge made by the Ba`ath Party regime.

5) The Head of Government may replace an Ombudsman from office of Ombudsman, if the Head of Government considers that one or more of the following grounds have been established, but such grounds shall be presented in writing and shall be subject to appeal to the Courts of Iraq:

 a) acceptance of any gainful employment outside the duties of the office, unless with the permission of the Minister of Justice;

 b) decision to stand for election as a member of the National Assembly or of the any provincial governate or council,

c) resignation of the office by instrument in writing addressed to the Head of Government;

d) physical or mental disability affecting his or her capacity to perform his or her functions, or failure in the execution of his or her functions; or

e) conviction for a criminal offense punishable by a term of imprisonment.

6) The Ombudsman has and may exercise the functions conferred or imposed on the Ombudsman by or under this or any other law.

Section 3
Deputy and Assistant Ombudsmen

1) The Ombudsman may appoint one or more Deputy Ombudsmen and Assistant Ombudsmen. Deputy or Assistant Ombudsmen shall exercise such authority and perform such duties as the Ombudsman delegates, without limitation.

2) The Ombudsman may employ such assistance as he or she deems proper for the carrying out of any inquiry or investigation, and may, in writing, authorize any person so employed to inspect and report upon documents or other items, or (without affecting the generality of the foregoing) accounts, he/she considers relevant to the subject matter of the inquiry.

Section 4
Right to Complain

1) Subject to this section, any person (including a public authority) may complain in writing to the Ombudsman about the conduct of a detaining authority unless the conduct took place before the date of entry into force of this Order.

2) A member of the Government may complain to the Ombudsman on behalf of a complainant.

3) A detaining authority must permit and facilitate the confidential transmission of a complaint to the Ombudsman, including transmitting immediately and unopened any written matter addressed to the Ombudsman**.**

4) The Ombudsman may accept a complaint that is not in writing, in which case he or she shall reduce the complaint to writing within three days of receiving the complaint.

Section 5
Investigations

1) Notwithstanding any provision of law existing at the time of the signing of this Order, the Ombudsman may investigate conduct referred to in Section 16, regardless of whether a complaint has been filed, however nothing herein authorizes the Ombudsman to investigate any matter that occurred prior to the date of this Order.

2) In deciding whether to investigate or discontinue the investigation of a complaint, the Ombudsman may consider such matters as he or she thinks fit, including but not limited to whether:

 a) the complaint is frivolous, vexatious or not in good faith,

 b) the subject matter of the complaint is trivial,

 c) the conduct complained of occurred at too remote a time to justify investigation, or

 d) internal remedies have previously been exhausted.

3) Where the Ombudsman declines to investigate a complaint, or discontinues the investigation of such complaint, the Ombudsman shall inform the complainant in writing of his or her decision and the reasons for the decision.

4) The Ombudsman, upon deciding to investigate the conduct of a detaining authority, shall give notice of the decision:

 a) to the complainant, and

 b) to the head of the detaining authority and, if practicable, to the detaining authority.

 c) A notice under this section must be in writing, must describe the conduct under investigation, and must, so far as practicable, identify the detaining authority and may request that the alleged perpetrator of the conduct be removed from direct control, supervision of, or contact with the complainant.

Section 6
Public Disclosure

An investigation under this Order shall not be disclosed to, and shall be made in the absence of, the public until completion. The names of individuals shall be withheld until the completion of any civil, criminal or administrative proceedings that may involve those individuals. The name of a complainant shall not be publicly disclosed without that person's consent

Section 7
Detaining Authority to Give Information

1) For the purposes of an investigation under this Order, and subject to Subsection (3) of this Section, the Ombudsman may require a detaining authority:

 a) to give the Ombudsman a statement of information,

 b) to produce to the Ombudsman any document or other thing, or

 c) to give the Ombudsman a copy of any document.

2) A request under this section must be in writing, must specify or describe the information, document or thing required, and must fix a time and specify a place for compliance.

3) The Ombudsman may request the Multinational Force Commander or his delegate to produce documents, copies of documents or real evidence. The Multinational Force Commander or his delegate may deny such requests if concurrence would result in an unacceptable breach of operational security or if otherwise prevented or denied pursuant to law.

4) The Multinational Force Commander or his delegate may submit, and the Ombudsman shall consider, the results or report of any Multinational Force investigation concerning the subject of an investigation.

5) The Ombudsman shall maintain the confidentiality of all confidential or classified information and date obtained, with special attention being given to the safety of complainants and witnesses.

Section 8
Inquiries

1) In an investigation under this Order, the Ombudsman may make or hold inquiries.

2) Where it is shown to the satisfaction of the Ombudsman that any person is substantially and directly interested in any subject-matter of the inquiry, or that the person's conduct in relation to any such matter has been challenged to the person's detriment, the Ombudsman may authorize such person to appear at the inquiry. Persons involved in such an inquiry have the right to be represented by legal counsel.

3) Any legal counsel so appointed and any person so authorized or the person's legal counsel may, with the leave of the Ombudsman, examine or cross-examine any

witness on any matter which the Ombudsman deems relevant to the inquiry.

4) The Ombudsman may by notice in writing summon any person who is not a member of the Multinational Force to attend an inquiry at a time and place named in the summons, and then and there to give evidence and to produce any documents or other things in the person's custody or control which the person is required by the summons to produce.

5) The Ombudsman may request the Multinational Force Commander or his delegate to permit the attendance of Multinational Force personnel as witnesses at an inquiry. The Multinational Force Commander or his delegate may deny such requests if he or his delegate determines that compliance would result in an unacceptable breach of operational security, provision of the personnel would prejudice the conduct of operations, such witnesses are not reasonably available or their attendance is otherwise prevented by law.

6) The Ombudsman may administer an oath to any person appearing as a witness at the inquiry, whether the witness has been summoned or appears without being summoned, and may examine the witness upon oath or affirmation.

7) Every witness who has been summoned to attend the commission shall appear and report from day to day unless the witness is excused from attendance or until the witness is released from further attendance by the Ombudsman.

8) A witness summoned, in accordance with Subsection (4) of this Section, to attend before the Ombudsman shall not be entitled to refuse to:

 a) be sworn or to make an affirmation,

 b) answer any question relevant to the inquiry put to the witness by the Ombudsman, or

 c) produce any document or other thing in the witness's custody or control which the witness is required by the summons to produce.

9) Nothing in this Order shall make it compulsory for any witness:

 a) to answer any question or produce any document or other thing if the witness has a reasonable excuse for refusing, or

 b) to disclose any operationally classified information or material.

Section 9
Inspection and Copies of Documents

1) The Ombudsman may retain documents or other material for such reasonable period as required to complete an inquiry.

2) When the retention of a document or other material ceases to be reasonably necessary for the purposes of the inquiry to which it relates, the Ombudsman is required, if a person who appears to the Ombudsman to be entitled to the document or other thing so requests, to cause it to be returned to that person.

3) The requirement under Subsection (2) does not apply if the Ombudsman has furnished the document or other thing or proposes to furnish it to a person or body referred to in section 12 or the Ombudsman deals with it or proposes to deal with it otherwise according to law.

Section 10
Communication of Information

The Ombudsman may communicate any information or furnish any material (including evidence) that it obtains in the course of the inquiry conducted by it to a law enforcement agency, if the information or material relates or may relate to a breach of a law of Iraq in relation to Iraqi detaining authorities.

Section 11
Entry to Premises

In an investigation under this Order, the Ombudsman may, at any time:

a) enter and inspect any premises occupied or used by a detaining authority to deprive persons of their liberty, and

b) inspect any document or thing in or on the premises,

subject only to the limitation that the Multinational Force Commander or his delegate may deny access for reasons of imperative military necessity as an exceptional and temporary measure, or prevent the inspection of operationally classified documents.

Section 12
Persons to be Heard

1) In an investigation under this Order, the Ombudsman shall give an opportunity to the subject of the investigation to make submissions.

2) Where, in an investigation under this Order, the Ombudsman considers that there are grounds for adverse comment in respect of any person, the Ombudsman, before making any such comment in any report, shall, so far as practicable:

a) inform that person of the substance of the grounds of the adverse comment, and

b) give the person an opportunity to make submissions.

Section 13
Consultation with the Minister of Justice

1) In an investigation under this Order, the Ombudsman shall, on request by the Minister of Justice, consult the Minister on the conduct of the investigation.

2) Before publishing a report under this Order the Ombudsman:

a) shall inform the Minister of Justice that he or she proposes to publish such a report, and

b) shall, on request by that Minister, consult that Minister.

Section 14
Report of Investigation

1) Where, in an investigation under this Order, the Ombudsman finds that the conduct the subject of the investigation, or any part of the conduct, is of any one or more of the following kinds:

a) contrary to law,

b) unreasonable, unjust, oppressive or improperly discriminatory,

c) in accordance with any law or established practice but the law or practice is, unreasonable, unjust, oppressive or improperly discriminatory,

d) based wholly or partly on improper motives, irrelevant grounds or irrelevant consideration,

e) based wholly or partly on a mistake of law or fact, or

f) otherwise wrong,

the Ombudsman shall make a report accordingly, giving his or her reasons.

2) In preparing his or her report, the Ombudsman will consider any report of an investigation concerning the same or a similar subject that the Multinational Force has made available for his or her review.

3) In a report under this section, the Ombudsman may recommend that:

 a) action be taken to rectify, mitigate or change the conduct or its consequences,

 b) reasons be given for the conduct,

 c) any law or practice relating to the conduct be changed,

 d) compensation be paid to any person, or

 e) any other appropriate actions be taken.

4) The Ombudsman shall give a report under this Section to the:

 a) Head of Government and the Minister of Justice, and

 b) the head of the detaining authority whose conduct is the subject of the report.

5) The Ombudsman may give a copy of a report or summary of the factual findings and recommendations under this Section:

 a) where the investigation arises out of a complaint to the Ombudsman, to the complainant, and

 b) to the detaining authority to whose conduct the report relates.

6) The person to whom a report is given under Subsection (3) (b) may, and on request by the Ombudsman shall, notify the Ombudsman of any action taken or proposed in consequence of a report under this section.

Section 15
Serious Misconduct

Where the Ombudsman is of the opinion that a detaining authority is or may be guilty of misconduct in the course of performing his or her functions to such an extent as, in the opinion of the Ombudsman, may warrant dismissal, removal or punishment, the Ombudsman shall report the opinion to the Head of Government, the Minister of Justice and to the head of the detaining authority, giving reasons for the opinion.

Section 16
Incriminatory Statement

1) Where a person is required under this Order to give a statement that tends to incriminate that person, neither the requirement nor the statement may be used in any proceedings against that person.

2) Subsection (1) applies whether the person required to give a statement objects to giving it or not.

Section 17
Disclosure by Ombudsman or Officer

The Ombudsman shall not, nor shall an officer of the Ombudsman, disclose any information obtained by the Ombudsman or officer in the course of the Ombudsman's or officer's inquiry or investigation, unless the disclosure is made:

a) where the information is obtained from a detaining authority, with the consent of the head of that authority or of the Minister of Justice,

b) where the information is obtained from any other person with the consent of that person, or

c) the disclosure is pursuant to section 12 or 16 herein.

Section 18
Offenses

1) A person shall not:

a) without lawful excuse, willfully obstruct, hinder or resist the Ombudsman or an officer of the Ombudsman in the exercise of the Ombudsman's or officer's powers under this or any other Order, law or regulation,

b) without lawful excuse, refuse or willfully fail to comply with any lawful requirement of the Ombudsman or an officer of the Ombudsman under this or any other Order, law or regulation, or

c) willfully make any false statement to or mislead, or attempt to mislead, the Ombudsman or an officer of the Ombudsman in the exercise of the Ombudsman's

or officer's powers under this or any other Order, law or regulation.

The maximum penalty for these offenses shall be USD$100.

2) A person who uses, causes, inflicts or procures any violence, punishment, damage, loss or disadvantage to any person for or on account of:

 a) complaining to the Ombudsman,

 b) assisting the Ombudsman, or

 c) providing evidence to the Ombudsman,

 is guilty of a felony offense.

 The maximum penalty for these offenses shall be USD$1,000 or imprisonment for 5 years, or both.

3) This Order is subject to the provisions of any United Nations Security Council Resolution, treaty, agreement or law dealing with the status of non-Iraqi citizens in Iraq.

Section 19
Entry into Force

This Order shall enter into force on the date of signature.

6/27/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 99

JOINT DETAINEE COMMITTEE

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA) and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 (2003), 1511 (2003) and 1546 (2004),

Noting that prison facilities across Iraq were largely destroyed as a result of the acts of the former regime and are not currently capable of providing a safe and secure environment for the pre-trial confinement of many detainees,

Noting further that, as an interim measure, the Multinational Force maintains safe and secure facilities for the custody of certain numbers of security internees and criminal detainees,

Affirming the importance of properly implementing the authority of the Multinational Force under U.N. Security Council Resolution 1546 (2004) to take all necessary measures to contribute to the maintenance of security and stability in Iraq in accordance with the letters annexed to that resolution,

Acting in accordance with the consultations between the Coalition Provisional Authority and the Iraqi Interim Government,

I hereby promulgate the following:

Section 1
Purpose

This Order provides a mechanism for facilitating the partnership between the Multinational Force-Iraq (MNF-I) and the Iraqi Interim Government (IIG) on all matters relating to the management of, and the formulation of policy regarding, security internees and criminal detainees in the custody of the MNF-I. It is designed to ensure that detention operations comport with applicable law and human rights standards.

Section 2
Joint Detainee Committee

1) There shall hereby be established a Joint Detainee Committee ("Committee"), which shall be composed of representatives of the MNF, the IIG and the States exercising custody over detainees. The Committee shall be co-chaired by the Prime Minster and the MNF-I Commander or their authorized delegates.

2) There shall be up to twenty-one official members of the Committee, representing the following entities in the manner indicated:

 a) The IIG shall be represented by the Prime Minister, the Ministers of Defence, Interior, Justice, Finance, and the Director General of the Iraqi National Intelligence Service.

 b) The MNF shall be represented by the Commander MNF-I, his Chief of Staff, the Deputy Chiefs of Staff for Operations, Intelligence and Logistics, the Staff Judge Advocate and the senior Theatre Commanders for the Military Police and the United States Corps of Engineers.

 c) The United States as a detaining State shall be represented by the Chief of Mission.

 d) The United Kingdom as a detaining State shall be represented by its Ambassador to Iraq.

3) Other official members of the Committee may be agreed by the co-chairs.

4) From time to time, and at the discretion of the co-chairs, other persons may be permitted to attend as observers, to present reports to the Committee, or for other purposes determined by the co-chairs. Such persons may include representatives of the Iraqi Ombudsman on Detention and Penal Matters and delegates of the International Committee of the Red Cross (ICRC).

Section 3
Functions

The Committee shall be responsible for:

1) Establishing criteria for the detention of individuals, including the basis for release or transfer to Iraqi jurisdiction or custody.

2) Monitoring and if necessary proposing standards and safeguards for the conditions and rights of detainees, including processes for determining initial detention decisions and reviewing such decisions.

3) Considering issues relating to the prosecution of criminal detainees and proposing investigative, evidentiary or other measures that will enhance successful prosecution.

4) Evaluating infrastructure imperatives, deficiencies or maintenance requirements and proposing project or budgetary action to address these.

5) Making recommendations concerning improvements to the command, control and liaison aspects of detainee management; the effective recording of information for individual detainees; the tracking of the location, movement or transfer of detainees and the proper communication of detainee information to their families; and any other matter related to detention operations and policies.

6) Advise on legal issues associated with the status and management of persons held in detention or otherwise constrained by the MNF, and propose remedial legislation as appropriate.

Section 4
Evaluation Standards

In making its deliberations and recommendations, the Committee shall have due regard to the provisions of Iraqi law as supplemented by CPA Memoranda Nos. 2 and 3, the Memorandum of Understanding between the MNF and the IIG concerning the handling of High Value Detainees, reports of the Iraqi Ombudsman on Detention and Penal Matters and reports of the ICRC.

Section 5
Reporting Requirements

1) The Committee shall issue reports of its deliberations and recommendations not later than two months after its initial meeting, and thereafter on a bi-monthly basis. The reports shall be delivered to the Prime Minister of the IIG, the Commander, MNF-I, and the U.S. and UK Ambassadors to Iraq.

2) With the agreement of the report recipients identified in subsection 5(1) above, reports of the Committee may be made public, with the exception of:

 a) Confidential reports of the ICRC.

 b) Material that is related to or part of criminal proceedings before an Iraqi Court or MNF tribunal, until the conclusion of those proceedings.

 c) Material that is protected by confidentiality or privacy provisions of the law governing the Iraqi Ombudsman on Detention and Penal Matters.

d) Material that is the property of or has been generated by one of the Committee members, and that is not available for release to the public under law or policy.

Section 6
Entry into Force

This Order shall enter into force on the date of signature.

6/27/04

L. Paul Bremer, Administrator
Coalition Provisional Authority

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 100

TRANSITION OF LAWS, REGULATIONS, ORDERS, AND DIRECTIVES ISSUED BY THE COALITION PROVISIONAL AUTHORITY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003), Resolution 1511 (2003), and Resolution 1546 (2004);

Reaffirming that the laws, regulations, orders, memoranda, instructions and directives of the CPA remain in force unless and until rescinded or amended by legislation duly enacted and having the force of law, as set forth in Article 26(C) of the Law of Administration for the State of Iraq for the Transitional Period ("TAL");

Recognizing that the Government of Iraq will be responsible for interpreting and implementing these laws, regulations, orders, memoranda, instructions and directives following the transfer of full governing authority on 30 June 2004;

Noting that many of these laws, regulations, orders, memoranda, instructions and directives require technical amendment and/or rescission to properly reflect the transfer of full governing authority and the dissolution of the Coalition Provisional Authority on 30 June 2004;

Further noting that many of these laws, regulations, orders, memoranda, instructions and directives require technical amendment and/or rescission to reflect the structure of the Iraqi Interim Government and to allow for proper delegation of responsibilities within that Government and subsequent Iraqi Governments;

Determined to facilitate the continuity of Iraqi law and to ensure a smooth transfer of full governing authority to the Iraqi Interim Government on 30 June 2004;

Having consulted with the Iraqi Interim Government, including the Prime Minister, I hereby promulgate the following:

Section 1
Purpose

This Order makes appropriate revisions to laws, regulations, orders, memoranda, instructions and directives issued by the CPA to facilitate an orderly transfer of full governing authority to the Iraqi Interim Government on 30 June 2004. The Order seeks to ensure that the Iraqi Interim Government and all subsequent Iraqi governments inherit full responsibility for these laws, regulations, orders, memoranda,

instructions and directives so that their implementation after the transfer of full governing authority may reflect the expectations of the Iraqi people, as determined by a fully empowered and sovereign Iraqi Government. This is the final Order of the CPA, which will dissolve on 30 June 2004, after the transfer of full governing authority to the Iraqi Interim Government.

Section 2
General Rules

Except where otherwise noted in this Order, the following General Rules shall apply to every law, regulation, order, memorandum, instruction and directive issued by the CPA:

1) All powers, authorities, and responsibilities granted to the Administrator under any law, regulation, order, memorandum, instruction or directive of the CPA transfer to the Prime Minister and shall be exercised pursuant to law, including the TAL and its Annex. As the official with day-to-day responsibility for management of the federal government, the Prime Minister may delegate such powers and responsibilities to an appropriate minister or ministry.

2) All powers, authorities, and responsibilities granted to the CPA under any law, regulation, order, memorandum, instruction or directive of the CPA transfer to the Federal Government and shall be exercised pursuant to law, including the TAL and its Annex. The Federal Government means the Iraqi Interim Government, the Iraqi Transitional Government, and the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.

3) All references to "consultation" or "coordination" with the CPA, or CPA "direction," "supervision," or "control" of an Iraqi Ministry or other Iraqi government entity or official, or any related reference, are hereby rescinded.

4) All references to the Iraqi federal government in any form, including references to "an internationally recognized, representative government" or "a transitional Iraqi administration," shall apply equally to the Iraqi Interim Government, and all subsequent Iraqi governments, including the Iraqi Transitional Government and the Iraqi Government to be elected under a permanent constitution as set forth in Chapter 9 of the TAL. This rule does not implicate references to regional, governorate, local, or municipal government entities in Iraq.

5) All provisions that contemplate present or future orders, regulations, and/or memoranda issued by the Administrator or the CPA shall be read to contemplate present or future orders or regulations of the Iraqi Interim Government as well as

duly enacted legislation or duly promulgated regulations of any subsequent Iraqi Government.

6) The word "interim" when immediately preceding "minister" or "ministers" shall be deleted. All references to a minister or ministers shall refer equally to a minister or ministers serving in the Iraqi Interim Government, the Iraqi Transitional Government, or the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.

7) References to "CPA or Coalition personnel" or "Coalition Authorities" or "Coalition personnel" shall be read to cover all foreign national personnel performing services for, or on behalf of, a foreign embassy, including foreign contractors and subcontractors, whether hired by the Federal Government or hired by a foreign government and operating legally in Iraq.

8) All references to "Coalition Forces" and related references shall apply equally to Multinational Forces operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546.

9) All references to "the Iraqi Governing Council" are hereby rescinded and shall refer instead to the Federal Government generally, including the Iraqi Interim Government, the Iraqi Transitional Government, and the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.

10) The phrase "body vested with national legislative powers" shall refer to the Council of Ministers in the Iraqi Interim Government and the National Assembly in the Iraqi Transitional Government. The same phrase shall apply to the body having legislative powers in the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL.

11) The terms "chief executive," "head of the Iraqi Government," and "head of the Iraqi Government exercising national command authority" shall refer to the Prime Minister in the Iraqi Interim Government and Transitional Government and the equivalent office in the Iraqi Government to be elected under a permanent Iraqi constitution as set forth in Chapter 9 of the TAL. All Iraqi governments subsequent to the transfer of full governing authority from the CPA, however, enjoy the authority inherent in sovereignty to divide authorities and responsibilities among the Presidency Council, the Prime Minister, and any other office, in a manner consistent with law.

12) All references to "foreign liaison mission" shall apply equally after 30 June 2004 to diplomatic and consular missions.

Section 3
Revisions of Specific CPA Order Provisions

Notwithstanding the General Rules set forth in Section 2 of this Order, the following specific provisions of CPA Orders shall be amended, rescinded, or otherwise changed as follows:

1) CPA Order Number 1, De-Ba'athification of Iraqi Society

 Section 1(6) shall be rescinded in its entirety.

2) CPA Order Number 2, Dissolution of Entities

 a) In Section 2(3), the term "local Coalition authorities" shall be rescinded and replaced with the following: "federal government authorities."

 b) The following shall be appended to the end of the final sentence of Section 2(3): "in accordance with law."

 c) Section 5 shall be rescinded in its entirety.

 d) Section 6(2) shall be rescinded in its entirety.

3) CPA Order Number 3 (Revised) (Amended), Weapons Control

 a) CPA Order Number 3 shall not apply to personnel or Member States of the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546. Accordingly, all references to "Coalition Forces," "Coalition Member States," "Coalition Force Commander," and/or "Commander, Coalition Forces," shall be rescinded.

 b) In Section 1(4), the definition of "Iraqi security forces" shall be amended to include "the Iraqi Armed Forces."

 c) In Section 1, a new subsection (10) shall be inserted as follows: "10) 'Private Security Company' means a private business, properly registered with the Ministry of Interior and Ministry of Trade that seeks to gain commercial benefits and financial profit by providing security services to individuals, businesses and organizations, governmental or otherwise."

d) Section 3(1)(c) shall be rescinded in its entirety and replaced with the following: “Groups and individuals who have been authorized by the Minister of the Interior to carry weapons in the course of their duties.”

e) Section 3(2) shall be rescinded and replaced with the following: “Private security companies may be licensed by the Minister of the Interior to possess and use licensed Firearms and Military Weapons, including Special Category Weapons, in the course of their duties, including in public places.”

f) Section 4(3) shall be rescinded and replaced with the following: “The carrying of concealed weapons is prohibited, other than by (a) Iraqi security forces; (b) Private Security Companies; (c) security officers from diplomatic missions; and (d) any other group or individual so authorized by the Minister of the Interior.”

g) The first sentence of Section 5 shall be rescinded and replaced with the following: “Individuals not otherwise authorized to possess or use Firearms or Military Weapons by this, any other CPA instrument, or any other provision of Iraqi law, may apply for weapons authorization.”

h) In Section 6(1), the phrase “are subject to confiscation by Coalition Forces and other relevant authorities” shall be rescinded and replaced with the following: “are subject to confiscation by the Iraqi Security Forces.”

i) Section 6(6) shall be rescinded in its entirety and replaced with the following: “An investigative judge of competent jurisdiction may grant a certificate of immunity from prosecution for offenses under this Order or the Iraqi Weapons Code of 1992, but only upon written findings that the person to be granted such immunity provided information that (a) led to the apprehension and conviction of persons in relation to whom information was sought by the Federal Government or (b) resulted in the prevention of a violent crime against public security, including a violent crime against the Federal Government and its personnel, or the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546 and its personnel.”

j) The following sentence shall be appended to the end of Section 7: “This Order and all regulations promulgated hereunder shall be interpreted in a manner consistent with CPA Order Number 17 (Revised), (CPA/ORD/27 June 2004/17).”

4) CPA Order Number 13 (Revised) (Amended), The Central Criminal Court of Iraq

 a) Section 5 shall be rescinded in its entirety and replaced with the following: "All judges of the Central Criminal Court of Iraq shall be appointed pursuant to Article 46(A) of the TAL and subject to removal only pursuant to Article 47 of the TAL."

 b) Sections 8(1) shall be rescinded in its entirety.

 c) Section 8(3) shall be rescinded in its entirety and replaced with the following: "A judge of the CCCI shall remove himself or herself from any case in which a party to the proceeding is a spouse, relative of second degree or other close relationship of that judge."

 d) The first sentence of 8(4) shall be rescinded.

5) CPA Order Number 14, Prohibited Media Activity

 a) Section 3 shall be rescinded in its entirety and replaced with the following: "The Prime Minister shall have the authority to enforce Section 2 of this Order, consistent with Chapter 2 of the TAL and Iraq's obligations under international law."

 b) Section 3 shall be retitled "Enforcement."

 c) Sections 4(1) and 4(2) shall be rescinded in their entirety.

 d) Section 5(2) shall be rescinded in its entirety and replaced with the following: "Additionally, media organizations penalized in accordance with Section 5(1) shall be referred to the Iraqi Communications and Media Commission for consideration of other appropriate sanction, including withdrawal of duly issued licenses."

 e) Section 6 shall be rescinded in its entirety and replaced with the following: "Any media organization sanctioned under Section 5(1) of this Order may appeal to a court of competent jurisdiction for a determination of whether the sanction complies with applicable law, including Chapter 2 of the TAL and the International Covenant on Civil and Political Rights."

6) CPA Order Number 15, Establishment of the Judicial Review Committee

A new Section 8 shall be added, entitled "Expiration," which shall provide as follows: "This Order shall expire and the Judicial Review Committee shall be abolished upon the transfer of governing authority to the Iraqi Interim Government on 30 June 2004; provided, however, that (1) all of the Committee's decisions prior to 30 June 2004 shall remain in full force and effect and (2) the Iraqi Judiciary Act, to the extent consistent with the TAL and relevant CPA Orders, shall remain in full force and effect. All judicial appointments to, and removals from, the federal courts after 30 June 2004 shall be conducted pursuant to Chapter 6 of the TAL."

7) CPA Order Number 16 (Revised) (Amended), Temporary Control of Iraq Borders, Ports, and Airports

 a) In Section 1(1), "Coalition Personnel" shall be rescinded and replaced with "Multinational Force Personnel."

 b) A new Section 1(3)(d) shall be added as follows: "citizens and nationals traveling to Iraq on official government business of any state which contributes more than 500 military personnel to the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546."

 c) The remainder of Section 1(3) shall be read and interpreted according to its express terms, notwithstanding Section 2(7) of this Order.

8) CPA Order Number 17 (Revised), Status of Coalition Provisional Authority, MNF-Iraq, Certain Missions and Personnel in Iraq

 This Order shall not apply to Order Number 17.

9) CPA Order Number 19, Freedom of Assembly

 a) In Section 3(1), the phrase "unless acting under authority of the Coalition Force Commander or a Divisional or Brigade Commander (hereinafter 'Approving Authorities')" shall be rescinded and replaced with the following: "unless acting under authority of the Ministry of Interior (the 'Approving Authority') pursuant to a regularized procedure for issuing permits for such marches, assemblies, meetings, or gatherings. The Ministry of Interior shall promulgate regulations to establish this regularized procedure as soon as possible after 30 June 2004. All such

regulations shall be consistent with the TAL and Iraq's obligations under international law."

b) In Section 3(3), the phrase "or to be held within 500 meters of any CPA or Coalition Force facility" shall be rescinded and replaced with the following: "or to be held within 500 meters of any foreign embassy, including foreign embassy regional offices and consulates, facility of the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546, or public building actively used by the Iraqi government."

c) At the end of Section 3, the following shall be inserted as a new subsection: "4) Any party denied an opportunity to march, assemble, meet, or gather pursuant to this Order shall have recourse to a federal court for review of whether such denial should be reversed on account of being arbitrary, capricious, or otherwise contrary to law."

10) CPA Order Number 22, Creation of an Iraqi Armed Forces

a) Section 3(2) shall be rescinded in its entirety and replaced with the following: "The mission of the Iraqi Armed Forces is the military defense of the nation, including defense of the national territory and the military protection of the security of critical installations, facilities, infrastructure, lines of communication and supply, and population. The tasks of the Iraqi Armed Forces include developing a military capability in order to provide the basis for militarily effective, professional, and non-political armed forces for the military defense of the nation. Except as authorized by orders or regulations of the Iraqi Interim Government as well as duly promulgated legislation or regulations of any subsequent Iraqi government, the Iraqi Armed Forces shall not have, or exercise, domestic law enforcement functions. Nor shall the Iraqi Armed Forces intervene in the domestic political affairs of the nation. Tasks of the Iraqi Armed Forces will also include, when so ordered, participation in domestic relief operations associated with natural or man-made disasters and humanitarian relief missions."

b) Section 3(3) shall be rescinded in its entirety and replaced with the following: "The President of the State will commission officers in the Iraqi Armed Forces who have been approved for commissioning by the Prime Minister. The Prime Minister or the Minister of Defence will designate Commanders of units of the Iraqi Armed Forces, including officers to command the principal units of the Iraqi Armed Forces, as they are created."

c) In Sections 3(4), 6(1), 6(8), 6(10), 6(16)(b), 8(1), 10 and 11, all references and associated references to "a civilian member of the CPA reporting directly to the Administrator and to whom such authority is specifically delegated in writing" shall be rescinded and replaced with the following: "the Minister of Defence."

11) CPA Order Number 25, Confiscation of Property Used in or Resulting From Certain Crimes

In Section 6(6), the reference to "the CPA, Director of Management and Budget" shall be rescinded and replaced with the following: "the Prime Minister or any official the Prime Minister deems most appropriate to receive the Criminal Property report."

12) CPA Order Number 30, Reform of Salaries and Employment Conditions of State Employees

a) In Section 3(4) and 8, all references to the "CPA Director of Management and Budget" shall be rescinded and replaced with the following: "the Iraqi Minister of Finance."

b) Section 10 shall become Section 11.

c) A new Section 10 entitled "Other Matters" shall provide as follows: "The Office of the Council of Ministers, which served under the previous regime, shall be dissolved immediately prior to the transfer of full governing authority to the Iraqi Interim Government. Each employee, if he or she chooses, shall be transferred at that time with his or her rank to the Office of Surplus Personnel in the Ministry of Finance for reassignment to other civil service employment within the federal government. In the alternative, each employee may choose to retire and, in such a case, the employee shall receive his or her pension pursuant to Iraqi law."

13) CPA Order Number 35, Re-Establishment of the Council of Judges

Pursuant to Article 45 of the TAL, the Higher Juridical Council shall assume the role of the Council of Judges as of 30 June 2004. The membership of the Higher Juridical Council is set forth in Article 45 of the TAL. To the extent Order 35 is inconsistent with Article 45 or any other provision of the TAL, the TAL provision shall control.

14) CPA Order Number 36, Regulation of Oil Distribution

a) In Section 1(1), the references to "the Coalition Provisional Authority" and "Commander Coalition Forces" shall be rescinded.

b) Section 7 shall be rescinded in its entirety.

15) CPA Order Number 37, Tax Strategy for 2003

In Section 5, the reference to "the Administrator of the Coalition Provisional Authority or" shall be rescinded.

16) CPA Order Number 38, Reconstruction Levy

Section 2(2) shall be rescinded in its entirety and replaced with the following: "The Reconstruction Levy shall not apply to (a) Multinational Forces and departments and agencies of Multinational Force Governments and (b) Foreign (non-Iraqi) employees and foreign (non-Iraqi) contractors and subcontractors of Multinational Force Governments as specifically defined in CPA Order Number 17 (Revised), (CPA/ORD/27 June 2004/17)."

17) CPA Order Number 41, Notification of Criminal Offenses

a) In Section 1(1), the phrase "the Governing Council, the interim Iraqi Ministers, those persons specifically authorized to draft the new Iraqi constitution, the CPA and Coalition Forces" shall be rescinded and replaced with the following: "the Iraqi Interim Government and the Iraqi Transitional Government and any subsequent Iraqi Government elected under a permanent constitution as set forth in Chapter 9 of the TAL."

b) Section 3 shall be rescinded in its entirety.

18) CPA Order Number 45, Non-Governmental Organizations

a) The following shall be appended to the end of Section 3(1): "The Office shall issue a registration certificate or a written decision within 60 business days of receiving an application to register from a non-profit organization. If neither a registration certificate nor a written decision is issued within 60 business days, an application shall be considered provisionally approved until receipt of subsequent communication from the Office confirming approval or denial of the application."

b) Section 6 shall be rescinded and replaced with the following: "If an NGO is found to be operating programs after the suspension or revocation of its registration, or is engaged in conduct that is a direct threat to security or public safety while operating programs regardless of whether registered or not, the Minister of Planning may recommend that the Prime Minister direct closure of the NGO. The Prime Minister may then direct the appropriate minister to effect such closure. In cases of an immediate and substantial threat to security or public safety, as determined by the Prime Minister in consultation with the Presidency Council, the Prime Minister may direct that the assets of an NGO which has had its operations closed in accordance with this paragraph be confiscated and its premises sealed. The NGO may appeal the decision to close its operations and/or confiscate its assets and/or close its premises to a court of competent jurisdiction."

c) Section 9(10) shall be rescinded in its entirety.

19) CPA Order Number 48, Delegation of Authority Regarding an Iraqi Special Tribunal

a) Sections 1(6) of the Delegation of Authority shall be rescinded in its entirety.

b) Section 3 of the Delegation of Authority shall read in its entirety "This Order shall enter into force on the date of signature." The remainder of Section 3 shall be rescinded.

20) CPA Order Number 55, Delegation of Authority Regarding the Iraqi Commission on Public Integrity

Section 2(g) of the Delegation of Authority shall be rescinded in its entirety.

21) CPA Order Number 57, Iraqi Inspectors General

a) The following sentence shall be appended to the end of Section 2(3): "In the event a vacancy arises in the position of Inspector General for the Amanat Baghdad, a position created by CPA Memorandum Number 13 (CPA/MEM/2 June 2004/13), the Mayor of Baghdad shall fill the vacancy by appointment."

b) Section 7(1) shall be rescinded in its entirety and replaced with the following: "To enhance their independence, all ministerial Offices of Inspectors General (which shall include the Inspector General for the

Amanat Baghdad) shall be centrally funded from an allocation within the annual national budget. Any such allocation shall be prepared by the relevant Inspector General in consultation with the Commissioner for Public Integrity and the President of the Board of Supreme Audit, be limited only to those functions and duties required of Inspectors General under this Order, and submitted to the Ministry of Finance. The Ministry of Finance shall consider the budgetary request and determine the appropriate amount of funding for the forthcoming fiscal year in accordance with the budget preparation process set forth in CPA Order Number 95, Financial Management Law and Public Debt Law, (CPA/ORD/2 June 2004/95)."

22) CPA Order Number 60, Ministry of Human Rights

Section 2(3) shall be rescinded in its entirety and replaced with the following: "This shall include requesting and coordinating appropriate support from external sources, including non-governmental and other international organizations, the United Nations, and the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546."

23) CPA Order Number 65, Iraqi Communications and Media Commission

a) In Section 4(3), the phrase "in consultation with the IGC and the Administrator" shall be rescinded.

b) The following definition shall be added to Section 2: "Media organization" includes individuals or groups, and private, corporate, or public entities, domestic or international, established for the purpose of transmitting information by any means."

c) All references in Section 8 to "broadcaster, telecommunications operator or information services provider" shall be replaced with "broadcaster, telecommunications operator, information services provider, or any other media organization."

d) Section 11(1) shall be rescinded in its entirety and replaced with the following: "The Commission shall be funded from the following sources: (a) Recurring and non-recurring fees collected from licensees and registrations; and (b) Grants, donations or other amounts received by the Commission from any source, insofar as they are in conformity with applicable law."

24) CPA Order Number 67, Ministry of Defence

a) The following sentence shall be appended to the end of Section 1(2): "If the position of Minister of Defence becomes vacant for any reason after the transfer of full governmental authority to the Iraqi Interim Government, a new Minister of Defence shall be appointed in accordance with Article 38(A) of the TAL."

b) Section 2(1)(a) shall be rescinded and replaced with the following: "The IAF will consist of the Army, Air Force, Coastal Defence Force, and reserve components (when established), and associated headquarters."

c) In Section 4(2), the reference to "the provisions of United Nations Security Council Resolution 1511" shall be rescinded and replaced with the following: "the provisions of United Nations Security Council Resolutions 1511 and 1546."

d) The following sentence shall be appended to the end of Section 4(7): "All subsequent Inspectors General for the MoD shall be appointed pursuant to the process set forth in Section 2 of CPA Order Number 57, (CPA/ORD/10 Feb. 2004/57)."

25) CPA Order Number 69, Delegation of Authority to Establish the Iraqi National Intelligence Service

a) In the Delegation of Authority, Section 2(4) shall be rescinded in its entirety.

b) In the Delegation of Authority, the following sentence shall be appended to the end of Section 2(5): "All subsequent Inspectors General for the INIS shall be appointed pursuant to the process set forth in Section 2 of CPA Order Number 57, (CPA/ORD/10 Feb. 2004/57)."

26) CPA Order Number 71, Local Government Powers

a) The following sentence shall be appended to the end of Section 2(3): "After the transfer of authority on 30 June 2004, additional positions may be designated as 'senior positions' by the Prime Minister with approval of the Presidency Council."

b) Section 2(4) shall be rescinded in its entirety.

c) The current Section 3(5) shall become Section 3(7).

d) A new Section 3(5) shall provide as follows: "At least two weeks prior to any Governorate Council vote on whether to remove a Director General pursuant to Section 3(4) of this Order, the Governorate Council shall notify in writing the relevant Ministry that such a vote will be held. The Ministry may avail itself of this two week period to hold consultations with the Governor and Governorate Council regarding the proposed removal of the Director General. Only at the conclusion of this two week period may the Governorate Council bring the proposed removal to a vote."

e) A new Section 3(6) shall provide as follows: "Notwithstanding any provision of this Order or any other law, the removal of a Director General or an official in a designated senior position may be suspended for 6 months upon the Prime Minister's certification in writing that such removal will cause significant damage to national security and upon the unanimous approval of that certification by the Presidency. To continue the suspension of a removal vote for another 6 months, the Prime Minister must recertify in writing that the removal will cause significant damage to national security and the Presidency must unanimously approve that certification."

f) The current Section 9 shall become Section 10.

27) CPA Order Number 73, Transfer of the Iraqi Civil Defense Corps to the Ministry of Defense

Section 3(8) is rescinded in its entirety.

28) CPA Order Number 74, Interim Law on Securities Markets

a) The following sentence shall be appended to the end of Section 1(6): "For purposes of this Order, the body vested with national executive authority in both the Iraqi Interim and Transitional Governments shall be the Council of Ministers."

b) Section 6(2)(b) shall be rescinded in its entirety and replaced with the following: "The Exchange's Board of Governors shall appoint the Chief Executive Officer of the Exchange."

c) The following sentence shall be appended to the end of Section 6(3): "Subsequent selections of members of the Board of Governors shall be

made by a vote taken by the General Assembly of the Exchange, in conformance with the Exchange's bylaws and/or relevant rules."

d) Section 6(9) shall be rescinded in its entirety, and replaced with the following: "A Governor may be removed prior to the expiration of his or her term only for cause and by a super majority (seventy five percent) vote of the Commission."

e) Section 12(6) shall be rescinded in its entirety and replaced with the following: "The Commission may set its own salaries, benefits and financial entitlements in conformance with the Ministry of Finance's requirements for budgetary management of Iraq's public money."

f) Section 13(6) shall be rescinded in its entirety.

29) CPA Order Number 75, Realignment of Military Industrial Companies

a) In Sections 2(4), 3(1), 3(2), and 3(3), all references to "the Administrator" shall be rescinded and replaced with the following: "the Prime Minister in consultation with the Council of Ministers."

b) Section 3(5) shall be rescinded in its entirety and replaced with the following: "The Minister of Industry may make specific recommendations to the Prime Minister for alternative courses of action."

30) CPA Order Number 76, Consolidation of State Owned Enterprises

The following sentence shall be appended to the end of Section 5(7): "Following the transfer of full governmental authority to the Iraqi Interim Government, the duties of the Administrator under this Order shall transfer to the Prime Minister and the duties of the Governing Council under this Order shall transfer to the Council of Ministers."

31) CPA Order Number 77, Board of Supreme Audit

In Section 2(4), references to "the Coalition Provisional Authority" and "the Iraqi Governing Council" shall be rescinded.

32) CPA Order Number 82, Iraqi National Remembrance Foundation

a) In Section 3(4), references to "the Iraqi Governing Council" shall be replaced with "the Council of Ministers."

b) Section 6 shall be rescinded in its entirety.

33) CPA Order Number 90, Special Taskforce for Compensating Victims of the Previous Regime

The following sentence shall be appended to the end of Section 1(2): "Should a vacancy in the Chairmanship arise at any time, the Prime Minister shall appoint a new Chairman after consultation with the Presidency Council."

34) CPA Order Number 91, Regulation of Armed Forces and Militias in Iraq

a) Section 3(1)(e) shall be rescinded in its entirety and replaced with the following: "A Private Security Company and officers and employees of a Private Security Company, provided the Private Security Company meets all of the licensing and regulation requirements of Iraqi law, including the Memorandum regulating Private Security Companies."

b) In Section 4(5)(h), the reference to "the CPA or government of Iraq following transfer of full Governance authority" shall be rescinded and replaced with the following: "the Transition and Reintegration Implementation Committee."

35) CPA Order Number 95, Financial Management Law and Public Debt Law

The phrase "the body vested with national legislative authority," which appears at Annex A, Sections 1, 4(2), 6(8), 7(1), 7(3), 7(4), 7(5), 9(6), 9(8), 10(7), 11(5), 11(6), 11(8) and 15(7) of the Financial Management Law of 2004, shall mean the Interim National Council of the Iraqi Interim Government; the elected National Assembly of the Iraqi Transitional Government; and the elected assembly in whatever form of the Iraqi Government to be elected under a permanent constitution."

Section 4
Rescission of CPA Orders

The following CPA orders are hereby, or have been, rescinded in their entirety and shall have no force and effect whatsoever after the transfer of full governing authority to the Iraqi Interim Government on 30 June 2004:

1) CPA Order Number 4, Management of Property and Assets of the Ba`ath Party

2) CPA Order Number 5, Establishment of the Iraqi De-Ba'athification Council

3) CPA Order Number 6, Eviction of Persons Illegally Occupying Public Buildings

4) CPA Order Number 11, Licensing Telecommunications Service and Equipment

5) CPA Order Number 12, Trade Liberalization Policy

6) CPA Order Number 21, Interim Exercise of Baghdad Mayoral Authority

7) CPA Order Number 42, Creation of Defense Support Agency

8) CPA Order Number 47, Amendment of CPA Order 38 on Reconstruction Levy

9) CPA Order Number 61, Amendment to CPA Order Number 45

10) CPA Order Number 62, Disqualification from Public Service

Section 5
Revisions of CPA Regulations

Notwithstanding the General Rules set forth in Section 2 of this Order, the following specific provisions of CPA Regulations shall be amended, rescinded, or otherwise changed as follows:

1) CPA Regulation Number 1, Coalition Provisional Authority

A new Section 7 entitled "Dissolution" shall provide as follows: "Upon dissolution of the CPA, this Regulation shall have no force and effect."

2) CPA Regulation Number 5 (Amended), Council for International Coordination

This Regulation shall be rescinded in its entirety.

3) CPA Regulation Number 6, Governing Council of Iraq

This Regulation shall be rescinded in its entirety.

4) CPA Regulation Number 7, International Donor Assistance

a) Section 1(3) shall be rescinded in its entirety and replaced with the following: "*Membership*. The Board shall consist of the following

individuals: two appointed by the Governing Council; the Minister of Planning and Development Cooperation; the Minister of Finance; and one or two individuals appointed by the Prime Minister upon recommendation of the Minister of Planning and Development Cooperation in his capacity as Chairman of the Board."

b) The following sentence shall be added to the end of Section 1(3): "The occupants of the first two positions listed above as of 30 June 2004 will continue for a period of two years. The Minister of Planning and Development Cooperation will recommend a replacement or reappointment to the Prime Minister after the elapse of one year or in the event that the position(s) become vacant."

c) The following shall be appended to the end of Section 2(1): "The Council for International Coordination ("Council") will continue to be the in-country coordinating body for international assistance in the relief, recovery and development of Iraq. The Council will encourage the international community to provide funds and other forms of assistance to Iraq and will assist in coordinating international assistance provided by contributing States, non-governmental organizations, and international organizations."

d) Section 6 shall be rescinded in its entirety and replaced with the following: "The Federal Government alone has the authority to carry out the functions and responsibilities set forth in this Regulation." Section 6 shall be retitled as follows: "Exclusive Authority of the Federal Government."

Section 6
Revisions of CPA Memoranda Provisions

Notwithstanding the General Rules set forth in Section 2 of this Order, the following specific provisions of CPA Memoranda shall be amended, rescinded, or otherwise changed as follows:

1) CPA Memorandum Number 1, Implementation of De-Ba'athification Order No. 1

This Memorandum shall be rescinded in its entirety.

2) CPA Memorandum Number 2, Management of Detention and Prison Facilities

a) Section 2(3) shall be rescinded in its entirety and replaced with the following: "To ensure these standards are met, the Minister of Justice shall remain in full control of the Iraqi prison system and shall report

periodically to the Prime Minister regarding the status of the Iraqi prison system and any changes in Iraqi law that may be necessary to comply with this Memorandum and the Federal Government's obligations under international law and the TAL."

b) Section 2(4) shall be rescinded in its entirety.

3) CPA Memorandum Number 3, Criminal Procedure

In Section 2, references to "the Coalition or any of its member States" and "a Coalition member State" shall be rescinded and replaced with the following: "the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546 and all States contributing forces to that Multinational Force."

4) CPA Memorandum Number 4, Contract and Grant Procedures with Appendices

a) All references to the Program Review Board shall apply to its successor board in the Iraqi Government.

b) In Section 1, all but the first sentence shall be deleted.

c) All references to the term "Iraqi Funds" shall be replaced by "Public Funds."

d) Section 2(5) shall be rescinded in its entirety and replaced with the following: "Others delegated such authority by the Prime Minister."

e) Section 3(8) shall be rescinded in its entirety and replaced with the following: "'Public Funds': Funds owned and controlled by the Federal Government."

f) Section 4(1) and 4(2) shall be rescinded in entirety and replaced with the following: "The Ministry of Finance shall determine which officials are authorized to appoint Contracting Officers who may enter into Contracts or Grants within their directorates, commands, or organizations."

g) In Section 4(3), the phrase "the officials listed in paragraph 2 above" shall be rescinded and replaced with the following: "officials."

h) Section 6(1) shall be rescinded in its entirety and replaced with the following: "Identification of Parties. Contracts and Grants must

prominently identify the parties.

i) In Section 10(1), the following phrase shall be deleted: "The CPA Office of Management and Budget will allocate funds to the Iraqi Ministry of Finance for further distribution to the Iraqi Ministries, in accordance with the national Budget."

j) In Section 12, the final sentence shall be deleted.

k) In Appendix B(12) "United States currency" shall be replaced with "Iraqi currency."

l) Appendix (B)(16) shall be rescinded in its entirety and replaced with the following: "Disputes. Failure of the parties to this contract to reach agreement on any request for equitable adjustment, claim, appeal, or action arising under or relating to this contract shall be a dispute to be resolved in accordance with the laws of Iraq. The contractor shall proceed diligently with performance of this contract, pending final resolution of any dispute arising under the contract."

m) Appendix B(35), Appendix B(36), and Appendix B(40) shall be rescinded their entirety.

n) Appendix D shall be rescinded in its entirety.

5) CPA Memorandum Number 5, Implementation of Weapons Control Order Number 3 with Annex.

a) All references to "foreign liaison mission[s]" shall be replaced with "diplomatic or consular missions."

b) In Section 1(iii), the reference "authorized by the CPA" shall be rescinded and replaced with the following: "authorized by the Iraqi government and/or the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546."

c) In Section 4, the two references to "the CPA office advising the" shall be rescinded.

d) In Annex A, the text and the chart preceding, but not including, the phrase "United Nations Specialized and Related Agencies are" shall be rescinded. The remainder of Annex A shall remain unchanged.

6) CPA Memorandum Number 6, Implementation of Regulation on the Governing Council

This Memorandum shall be rescinded in its entirety.

7) CPA Memorandum Number 7, Delegation of Authority Under De-Ba'athification Order Number 1

All authority delegated under this Memorandum shall be withdrawn and the Higher National De-Ba'athification Council, established pursuant to that authority, shall be abolished at such time as the Iraqi Interim Government issues an order establishing the Independent Iraqi De-Ba'athification Council.

8) CPA Memorandum Number 9, Appointment of Deputy Ministers

This Memorandum shall be rescinded in its entirety.

9) CPA Memorandum Number 10, Rewards Program for Information Leading to the Recovery of Iraqi State and Former Regime Assets

Section 2 shall be rescinded in its entirety and replaced with the following: "The Prime Minister in coordination with the Minister of Finance may authorize the payment of financial rewards to eligible individuals who provide the Iraqi government or the Multinational Force operating in Iraq pursuant to United Nations Security Council Resolutions 1511 and 1546 with information that leads to the recovery of state assets or former regime-owned assets."

Section 7
Effective Date

This Order shall enter into force immediately prior to the transfer of governing authority from the CPA to the Iraqi Interim Government.

6/28/04

L. Paul Bremer, Administrator
Coalition Provisional Authority